

ECONOMIC ASPECTS  
OF  
URBAN SHELTERED EMPLOYMENT  
IN THE  
UNION OF SOUTH AFRICA.

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by  
Douglas Chapman

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For A. F. C. - who made it possible.

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## PREFACE.

The Urban Sheltered Employment scheme was launched as a means of honouring South Africa's obligation to certain ex-servicemen. Like rehabilitation measures in general it may well be regarded also as a form of collective insurance. Nevertheless, this work deals with the scheme and with the alternative methods of rehabilitating the handicapped solely on the basis of their direct effect on the country's material welfare. It is hoped that acceptance of this limitation will serve a useful purpose, even though it involves, for example, dismissing as "philanthropic considerations" the basis on which the wages of sheltered employees are usually calculated.

The descriptive matter which is included in this thesis was completed mainly in the first quarter of 1951. The Urban Sheltered Employment scheme is still on an experimental basis, which means that minor changes of practice and of policy occur almost weekly. For this reason, any attempt to present a completely up-to-date description in a work of this nature (with the facilities at the author's disposal) would be fore-doomed to failure. Most of the changes that have occurred in the past seven months have, however, been insignificant.

One development must be mentioned. In Section 3 of Chapter 8 and in Section 2 of Chapter 12 will be found the assertion that the factory which the author manages had not at any time been kept fully occupied on Government contract work. This is no longer true. Since March 1951 there has been so great an increase in the departmental orders received that the factory is now engaged to its full present capacity on such work. This does not affect the validity of the author's argument on this subject. The present capacity is only a fraction of the potential.

One other recent change is worth mentioning here. The factories (except that operated by the Johannesburg Municipal Social Welfare Department) have all been re-named "Service Products". Each is distinguished from the others by the addition of the name of the town or suburb in which it is situated. Thus the factory which the author manages is now called "Service Products, Claremont".

Wynberg, Cape.  
25th October 1951.

Seventy five "duplicated" copies of this monograph are about to be circulated privately. I cannot let pass the opportunity to mention a few of the many people who have helped me.

A quarter of a century has passed since I first received the stimulus of association with Professor W. H. Hutt and Mr. Peter Charles. I count myself fortunate that the University of Cape Town appointed Professor Hutt my supervisor when I proposed this thesis, and that Mr. Charles was Chairman of the Management Committee which encouraged me to undertake the work.

All the officials of the National Board for Sheltered Employment went out of their way to help me. When my research took me to their office in Pretoria Dr. Dirk van Zijl was acting Director of Readjustment Services during the absence overseas of Dr. Wilfred Wright. Dirk's hospitality was unbounded.

Recently, the sort of rehabilitation service described in the final chapter of my thesis has been brought nearer by the activities of certain Cape Town industrialists with the coöperation of representatives of the Trade Unions. Mr. Eric J. Price has been the protagonist of this movement.

In 1950 and 1951 my wife typed two drafts and the final version (in triplicate) of this monograph. During the last few weeks she has checked and corrected the stencils and done everything else necessary to "seeing it through the press". These recent chores were of her own seeking: When Eric Price suggested a duplicated "edition" she supported him enthusiastically.

Douglas Chapman.

Kenilworth, Cape.  
14th June 1955.

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CHAPTER 1 - INTRODUCTION.

1. ORIGINS AND SCOPE OF INQUIRY

During the Second World War, General Smuts, as Prime Minister of the Union, decided that no member of the forces would be discharged (1)  
"until such time as suitable provision had been made for him"

To discuss the implementation of this decision, a conference was convened on the 7th August 1943 by the Department of Social Welfare. It was attended by delegates of certain Government departments and other interested organisations. The conference was informed that

"considerable difficulty had been experienced in disposing of members of the U.D.F. awaiting discharge or already discharged who suffer from tuberculosis, epilepsy and other ailments ..... Experience had shown that the majority of these men on account of their physical or mental condition were difficult to place in employment and in many cases found it impossible to retain employment obtained for them....."

At a continuation conference held on 22nd September 1943 a resolution was passed, that as one means of dealing with the problem a committee be established to promote and control the development of urban sheltered employment for disabled and otherwise physically incapacitated ex-volunteers." (2)

This recommendation was eventually accepted by the Minister of Social Welfare and Demobilisation and, in 1945 and 1946, "Urban Sheltered Employment factories for disabled ex-Volunteers were established in the bigger centres of the Union.

In 1949 a Committee of Inquiry recommended to the Minister of Social Welfare that these factories

"should be opened to the civilian disabled who shall be most carefully selected. This development should be experimental and limited to the admission of not more than 350 European male disabled persons domiciled in the centres where factories exist, nor shall the total number in sheltered employment exceed 1,800 during the next five years." (3).

On July 12th 1950 those concerned were notified that the Minister and the Treasury had accepted this recommendation.

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- (1) Union of S.A.: Committee Report on Urban Sheltered Employment for Disabled ex-volunteers: 31st Dec.1943 (Govt Printer) Page 1.
  - (2) Ibid: The reason for the inclusion of the word "Urban" was that provision had already been made for sheltered employment for "persons of a rural type" on agricultural settlements under the Dept of Social Welfare.
  - (3) U.G. 63/1949, p. 20.

In this monograph an attempt will be made to consider the economic aspects of these two recommendations, to discover the justification for the second being qualified as an experiment and to examine the prospects of its success. A brief historical review of what the 1943 conference called "the general question of the disposal of the disabled" precedes the discussion as it is thought to form the essential background for the study.

## 2 DEFINITIONS

To simplify presentation certain terms will be borrowed from the jargon of workers in the "rehabilitation" field. To reduce the possibility of misunderstanding the author considers it desirable to state at the outset, as precisely as possible, the meanings in which he will use several of these terms; others will be defined, when necessary, in the text. This may seem unduly like the anti-social attitude of Humpty-Dumpty (who told Alice, scornfully, "when I use a word it means just what I choose it to mean - neither more nor less"), but it has the virtue of enabling a single word, "handicapped", to be substituted for a phrase like "men (who) on account of their physical or mental condition were difficult to place in employment".

"Handicapped" will be used as noun or adjective to describe those who have physical, mental or emotional impairments or deficiencies which make it difficult for them to obtain or to retain ordinary employment for which they are in other respects suitably qualified, and which they need to secure and maintain their economic independence. Intellectual giants, from Homer to Roosevelt, are excluded; so are company directors with fallen arches or a tendency to rheumatism; but navvies and farm labourers with those disabilities are included.

"Rehabilitation" will be used exclusively in a sense which relates it to the handicapped. The meaning assigned to it is :

The establishment of a handicapped person in an occupation in which he (or she) is economically independent, and which neither aggravates his disability nor causes him to jeopardise the health or safety of others. It "covers measures of every kind which tend to bring this about, whether they be therapeutic, psychological, educational or socio-economic". (1)

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(1) Enc. Soc. Sc. 1930: "Rehabilitation".



Rehabilitation, in this sense, does not cover the relief of destitution by gifts. Nor, since the definition of handicap excludes social disqualifications, does it cover assistance given to an ex-convict to keep him from crime. Nor is it intended to apply to measures taken to raise the standard of living of a racial or religious group, as such. Among the measures which it does cover, are occupational therapy, vocational training and sheltered employment. (1)

A "Sheltered Employment" (2) factory (or workshop or centre) is an institution established for the purpose of giving the handicapped an opportunity, outside the ordinary (3) labour market, to receive regular wages on condition that they work to the best of their ability under the direction of the institution. The wage is usually determined not by the individual handicapped worker's net product, but by philanthropic considerations. (4) In those sheltered employment factories in which total wages exceed total net products (the majority), the excess is made good either by a state subsidy or by charitable donations. The implications of the word "sheltered" in this context include :-

- (a) That the non-handicapped do not compete with the handicapped for the opportunity to receive the wage ;
- (b) that the work is performed under conditions which have regard to the disabilities of the workers ;
- (c) that the wages of the sheltered employees are an item of unavoidable cost (5) to the institution at all times, except only in the case where the decision to maintain, enlarge or reduce the institution is under review,

- 
- (1) As Deputy Director of Demobilisation, Mr. Harry Welch deprecated the use of the word "rehabilitation" to describe the assistance which his plan gave to South African volunteers while they were returning to their civilian occupations after the Second World War. He felt that popular usage related it only to insolvents.
  - (2) A "sheltered employment factory" sounds regrettably like a place which manufactures employment. It seems necessary to retain the word "employment" to reduce the possibility of confusion between a factory which is sheltered in this sense and one which is sheltered in the sense that it is not exposed to foreign competition. The usual examples of sheltered trades, in the latter sense, are building and inland transport.
  - (3) In official reports and other literature on rehabilitation, all employment other than "sheltered employment" is frequently called "competitive". The author prefers, for reasons indicated in Chapter 13 below, to use the colourless words "ordinary" or "non-sheltered" whenever it is necessary to draw a distinction of this sort.
  - (4) See page 4.
  - (5) See page 4.

The distinction between a sheltered employment and a curative workshop is that the former provides a permanent service for the permanently handicapped, while the latter permits convalescents to be employed during the period between their discharge from hospital and their final restoration to a condition of health in which they are capable of ordinary employment. The distinction between a sheltered employment and a vocational training centre for the handicapped is that, although identical training may be given in both, the object of the training in the former is merely to increase the worker's productivity in the institution so as to reduce the subsidy required, whereas in the latter the object is to help the worker to obtain ordinary employment as soon as possible. The distinction between all these institutions and occupational therapy is that, although the same occupations may be represented in all of them, in the others the individual's occupation is chosen on economic grounds as that in which his net product is most likely to be sufficient to earn a satisfactory wage, but in an occupational therapy centre he is assigned to particular work on the medical grounds that it is most likely to promote the recovery of the used particular members or muscles which have been affected by his illness or accident.<sup>(1)</sup>

### 3. THE EXTENT TO WHICH SHELTERED EMPLOYMENT MAY BE REGARDED AS SUCCESSFUL REHABILITATION

Even though his wage is sufficient for his subsistence at a standard of living acceptable to the community, a sheltered employee is not necessarily rehabilitated. If his net product is less than his wage, then some part of the latter is being paid as a donation.

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(1) Although these distinctions exist, the same institution may provide two or more of these services without regard to the differences between them.

From previous page:

- (4) The sense in which "philanthropic" is used in this context is explained in the preface (above).
- (5) See note at end of this chapter.

This donation may have been contributed by the state as a subsidy, by philanthropists as charity, or by those of his fellow workers (1) whose net products exceed their wages. Whatever the source, he is no more entitled to be regarded as economically independent than the beggar on the street corner with a tray of boot-laces and matches for "sale", (2)

It is probable that, if they are classified according to the relationship between their productivity and their wages, the handicapped workers in many sheltered employment factories fall into three categories:

1. Those whose net product is negative. Their direct productivity is so low that the costs of supervising their work, replacing wasted material, etc., exceed their gross product. They earn no portion of their wages.
2. Those whose net product is positive but less than their wages. Their wages include both an earned and a donated element.
3. Those whose net product exceeds their wages. They not only earn their full wages but make a contribution towards the wages of the other groups.

The first group may be regarded as engaged on psychologically ~~useful~~ boondoggling. (3) Neither they, nor those who fall into the second category, can be regarded as rehabilitated in the sense in which that word is defined above. The third group, however, may be so regarded. It is probable that the main obstacle to their employment in ordinary industry is the enforcement of minimum wage regulations in that field. The benefit of the sheltered employment factory to them is simply that, not being subject to these regulations, it permits them to offer their services to the community at or below the same rate in relation to the value of their output as non-sheltered workers.

On psychological grounds sheltered employment is inferior to rehabilitation in ordinary industry whenever the latter is practicable.

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(1) Whether knowingly or unknowingly.

(2) Except in the sense discussed in the preface, above.

(3) This paragraph is based on suggestions by Professor W.H. Hutt in his criticism of the first draft of this monograph. Professor Hutt also reminded the author that the word "boondoggling" "became current during N.R.A. in the United States, to describe the policy of paying relief workers to dig holes and fill them in again".

The medical profession recognises the existence of compensation neurosis which retards the recovery of the victim of an accident who has a claim to monetary compensation for the effect thereof. (1) The author suggests that sheltered employees tend to acquire a similar neurosis in consequence of the fact that their right to sheltered employment (with its relatively great security) depends on the existence of their handicaps. (2) In addition, the concentration of the handicapped in an institution from which competing non-handicapped workers are excluded has the demerit of depriving both the management and workers of the benefit of a comparison of the performances of the two classes. The most productive sheltered employee sets an example to the others but lacks the powerful incentive to self-improvement which would exist in ordinary employment in the form of the desire to show that he is every bit as good a worker as the next (non-handicapped) man. (3)

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- (1) "It takes a long time to get over an illness if compensation sets in". (Margaret Schooley - Quoted in Readers' Digest, June 1950.)
  - (2) It is not the function of a sheltered employment centre to maintain on its pay-roll men whose health has improved so greatly that they are no longer handicapped.
  - (3) The author is indebted to the late Mr. W.P. Pöwell for emphasising, in conversation, the importance of this point.

NOTE - THE CONCEPT OF AVOIDABLE COSTS.

A useful concept in the discussion of costs is the distinction between avoidable and unavoidable costs. The problems of management resolve themselves into choices between alternative courses of action (e.g., to undertake job A or job B; to undertake job C or to leave certain equipment idle ; to invest in additions to the equipment of the factory or in "real estate"). Certain elements of cost will be unavoidable whichever course of action is chosen, the remainder are avoidable. Thus the wages of casual labour and the user cost of machinery are avoidable costs in ordinary industry whenever the management has to choose between undertaking job C or leaving certain equipment idle, but the depreciation through time of that equipment is an unavoidable cost (unless its immediate sale is contemplated). It is obvious that it will not pay the management to undertake any job which does not offer a prospect of sufficient return to cover the costs which would be avoided by not undertaking that job. Provided no better opportunity is available, the job will however be worth while if the expected return will cover the avoidable costs and make a contribution (no matter how small) towards the unavoidable costs.

The time element affects the classification of costs when this concept is used. In decisions about tomorrow's conduct, the wages of those employees who cannot be discharged at less than a week's notice are unavoidable costs, but in decisions about next month's conduct, they are avoidable.

- 8 -

CHAPTER 2.

HISTORICAL SURVEY OF THE ORIGINS OF REHABILITATION MEASURES

BEGINNINGS

Paleolithic remains are said to show that the caveman suffered from arthritis and similar complaints, and that "bone injuries were restored by splints and casts made of clay". (1) The handicapped are always with us and some attempts are always made to assist them.

But they have not always been with us in great numbers. When the deformed child was killed at birth, when the severely wounded died even before the end of the battle, when serious diseases were almost as quickly fatal, there were few who needed rehabilitation. The acceptance of the doctrine of the sanctity of human life increased their number, and it tends to grow with every improvement in the practice of surgery and of medicine. The snowball has been fed, since the start of the Industrial Revolution, by the enormous increase in the number of those who are given the opportunity of abusing machines - in factories, on the roads and in warfare.

In the chain of measures by which the handicapped are rehabilitated the therapeutic precede the economic. It is not surprising that the development of institutions to provide these measures occurred in the same order. The Egyptians, the Greeks and the Romans had "varying types of hospitals and convalescent resorts, and .... Buddhistic India had many fully equipped hospitals", (1) but institutions for the economic rehabilitation of the disabled are of more recent origin.

"ONLY EX-SERVICEMEN NEED APPLY"

The Roman grants of land and loot to legionaries had other motives than rehabilitation. The general who made them usually had an eye to holding down a new frontier, or to securing his own political power. This may have resulted in the able-bodied veteran being treated more generously than the handicapped.

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(1) Turner, T. A. (U.S.A.) 1943. : "Organizing to help the Handicapped".

The practice of making special provision for disabled ex-servicemen seems to date from the decay of feudalism. (1) When national armies began to replace feudal levies, recruiting difficulties had to be overcome by those sovereigns who had not the power, or regarded it as inadvisable, to conscript. To reduce fear of the economic consequences of disablement, they undertook to care for those who acquired handicaps on their service. One means of meeting their obligation was to arrange for it to be taken over by a monastery. One is not surprised to read that monastic life was less attractive to the veterans than the occasional alternative offer of monetary compensation in a lump sum. (2)

In the thirteenth century, Saint Louis anticipated one of the popular modern devices for caring for disabled soldiers ("public employment on easy work" (2)) by arranging for a few of them to be appointed as watchmen in fortresses.

### 3. HANDICAPPED NON-VETERAN OF THE MIDDLE AGES

Saint Louis also showed special concern for the blind, for whose benefit he established an institution ("a home"). In this he was following a precedent created by William the Conqueror.

More typical of the age, in Britain, was the provision made by the gild of the Carpenters of London (1333) that

"if any brother or sister fall into poverty by God's hand or in sickness .... so that he may not keep himself, then shall he have of the brotherhood each week fourteenpence during this poverty, after he hath lain sick a fortnight .... (and) he shall be so timely visited and holpen that he shall not for default of help be brought to nought nor be undone of his estate ere he be holpen."

Similar provision was made by many other gilds, and some established almshouses "for the brethren .... falling into poverty." (3)

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- (1) Under feudalism a disabled veteran was "cared for as part of the normal relation between lord and vassal." (Devine, Dr.E.T.and Brandt, L. "Disabled Soldiers and Sailors Pensions and Training (New York) 1919). (This work is hereafter referred to as "Devine, 1919.")
  - (2) Devine, 1919.
  - (3) E. Lipson, M.A : "The Economic History of England, 1 - The Middle Ages" - 5th Edition (A. & C. Black Ltd., London, 1929) pp. 306, 305.

#### 4. SIXTEENTH AND SEVENTEENTH CENTURY DEVELOPMENTS

Early recognition that the rehabilitation of the blind was practicable is shown in the recommendation of the Spanish scholar Vivès, in 1526, that they should no longer be allowed

"to sit idle or to wander round in idleness. There are a great many things at which they may employ themselves. Some are suited to letters ; let them study .... let others turn wheels and work the treadmills .... make little boxes and chests, fruit baskets and cages .... spin and wind yarn".

Dr. E.T. Devine, who quoted this passage in his "Disabled Soldiers and Sailors, Pensions and Training" (1919), does not record what effect it had on the Senate of Bruges, to whom the recommendation was addressed. It is likely that they continued to give the blind and the crippled that licence to beg in public which, even today, is the chief resource of too many of those whose handicap is sufficiently patent to be exhibited in support of their appeal for the alms of the charitable. The Senate, like most of the authorities of Europe, was probably more anxious to prevent the usurpation of this privilege by the "sturdy beggar" than to find a more satisfactory solution to the problem presented by his disabled counterpart. The following excerpt from Robert Crowley's "Epigrams" (1550) illustrates the attitude of the times :-

"I heard two beggars that under an hedge sate,  
Who did with long talk their matters debate.  
They had both sore legs most loathsome to see,  
All raw from the foot well most to the knee;  
'My leg,' quoth the one, 'I thank God is fair.'  
'So is mine,' quoth the other, 'in a cold air,  
For then it looketh raw and as red as any blood,  
I would not have it healed for any world's good.  
No man would pity me but for my sore leg,  
Wherefore if I were whole I might in vain beg.  
I should be constrained to labour and sweat,  
And perhaps sometime with scourges be beat.' " (1)

In the last decade of Queen Elizabeth's reign rates were fixed for the first recorded state military pensions scheme. (2)

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(1) Trevelyan, G.M. (O.M.) : "English Social History": (Longmans)

(2) Enc. Soc. Sc. 1930 - "Veterans" by A.A. Friedrick.



Important though this step was for veterans, it pales into insignificance beside the measures taken for the relief of the handicapped in general.

Sir William Ashley says :-

"it was gradually borne in upon the minds of the men of the sixteenth century, that, besides 'idle and loitering persons and valiant beggars,' there were 'impotent, feeble and lame, which are the poor in very deed.' These must be assisted ; no worthy person should be allowed to starve in a well-ordered State ; and accordingly for the relief of the 'poor in very deed,' the Tudor government gradually built up the Poor Law, which reached its definite form in the statute of 1601 . . . . It is a very striking fact that until quite recent years England has been distinguished from the countries of the Continent in the possession of a systematic national provision for the destitute. And this is the more remarkable because England by no means led the way in this matter. It did but follow in the wake of the Low Countries, of France and Germany. The principles involved had been clearly 'stated, among Protestants by Luther and Zwingli, among Catholics by the humanist Vivès ; they had been discussed and accepted by the highest theological tribunal of the western world, the Sorbonne ; and they had attracted universal attention when they had been carried out by the enlightened municipality of Ypres. It is curious that one Flemish city, Ypres, should have led the way in the reform of the relief of the poor, and another, Ghent, should occupy the same honourable position in our own time with regard to unemployment insurance. But the continental poor-relief measures, for various reasons still rather obscure, did not succeed in permanently establishing themselves." (1)

In the seventeenth century, however, the Continent again took the lead in the establishment of measures for the assistance of special classes of indigent, disabled persons. In 1634 the exploitation of crippled children as mendicants roused St. Vincent de Paul to establish the first haven for their protection, (2) and in 1674, the famous Hôtel des Invalides was opened. The latter was long regarded as the last word in the provision of kindly institutional care for handicapped veterans, and was copied by all the leading countries of Europe.

## 5. EIGHTEENTH CENTURY - THE DAWN OF EDUCATIONAL REHABILITATION

It was a presumption of English Law (Blackstone's dictum) that deaf-mutes were idiots, incapable of making binding contracts or testaments. Until the technique of educating them was discovered, this attitude was justifiable. Now they are regarded as the most easily

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(1) Sir William Ashley : "The Economic Organisation of England" 1914 (12th Imp. 1928) pp. 110-112.

(2) Enc. Soc. Sc., 1930. "Cripples" by J.R. Cushman.

rehabilitated of the severely handicapped. Credit for starting this revolution is due to Abbot Charles-Michel of L'Epée (near Paris) who established in 1755 the first school for the deaf (1)

Equally epoch making was the invention by Valentin Haüy, in 1784, of the greatest boon yet given to the incurably blind - the raised print. (2) Haüy's achievement was followed by another important event, the opening in Liverpool (1790) of the first school providing vocational training for the blind. (3)

6. NINETEENTH CENTURY - VETERANS.

The new world now started to pay attention to these developments in the old. The American Civil War was no exception to the rule that wars stimulate interest in rehabilitation services. When the U.S. Sanitary Commission heard that Mr. Stephen H. Perkins, a Boston philanthropist, was planning to spend the 1862-63 winter in Europe, they asked him to inquire into the European methods of rehabilitating veterans (4) Mr. Perkins visited France, Prussia, Austria and Italy and made the desired inquiries most diligently. He found well established pensions schemes and institutions ("homes") in which, surrendering all or part of his pension, the severely disabled veteran could spend the rest of his life in fairly comfortable idleness. In Italy and Prussia, the less severely disabled was offered another alternative to a pension - if he were classified fit for stationary military duty, he could remain in the army on "Garrison Duty". In Prussia, if he were suitably qualified, he had a further alternative - he was given preference in appointments to certain subordinate branches of the civil service.

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(1) Enc. Soc. Sc., 1930. "Deaf" by H. Best.

(2) Enc. Soc. Sc., 1930. "Blind" by H. Best.

(3) Devine, 1919.

(4) Devine, 1919.

Mr. Perkins reported to the Commission that everything he saw, and the information he obtained from the officials he interviewed, emphasised the importance of providing regular employment for disabled men. For rehabilitating disabled American veterans he outlined a plan which included : -

- (a) A pension for everyone permanently disabled.
- (b) Recruiting half the strength of garrisons from those who were fit for "stationary service".
- (c) Preference to certain appointments in the Civil Service.
- (d) The establishment in every State of an "invalid industrial village", under strict military rule, in which pensioners would be employed productively at wages fixed "according to the value of each man's labour".

In 1864 Dr. John Ordronaux, professor of Medical Jurisprudence in Columbia College, also presented a report to the U.S. Sanitary Commission. He laid down that "it is the duty of the community .... to do justice as well to itself as to (the handicapped veteran) .... giving him only so much as will insure his daily bread, leaving his other wants to be provided by his own efforts". For some, he thought it might be necessary to provide special "means and methods of industrial activity suited to their individual powers". In the main he considered the problem would be best solved if "public sentiment be so educated as to surrender the lighter occupations into the hands of disabled soldiers by common consent .... let it be settled that the well qualified invalid has a right to these employments, that it is dishonourable in a sound man to compete with him for their possession". (1)

The result of the Sanitary Commission's activity was the provision by the Federal government of pensions not ungenerous by European standards, and the adoption of the Prussian plan of preference to certain appointments in the public service. Amputees were given the right to a free artificial limb every three years, but many preferred the permitted alternative of commuting this right at the rate of \$75 for a leg or \$50 for an arm. Many philanthropic associations supplemented the Government's work in this field. One of them raised funds for the purpose by charging

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(1) Ibid.

the public for admission to exhibitions of "left-hand writing" by soldiers who had lost the right arm ! (1)

7. NINETEENTH CENTURY NON-VETERAN CRIPPLES

Up to this stage surprisingly little interest seems to have been taken in the rehabilitation of civilian adult cripples. In 1872 however a lead was given by Knudsen in Scandinavia. He founded an institution which developed rapidly until it was providing artificial appliances for amputées and other cripples, workrooms for both men and women, a school - with vocational training facilities - for children and a home for children from the provinces. Similar institutions were established elsewhere, so successfully that by 1903 Dr. Bourrilon could claim that there were no lame beggars in the streets of Copenhagen, Stockholm and Christiana. (2)

8. TWENTIETH CENTURY - DEVELOPMENT OF SHELTERED EMPLOYMENT AND VOCATIONAL TRAINING

The "workrooms" in these Scandinavian institutions provided a combination of the services of (a) vocational training for competitive employment and (b) sheltered employment. (3) In the former field Belgium took the lead in 1908, when a very successful school was started for that purpose. In the meantime, in the first years of the present century, a start had been made in the provision of sheltered employment in both the U.S.A. and Britain.

In the former, an enterprising Methodist Church minister, Dr. Edgar H. Helmes, had laid the foundations in Boston of "Goodwill Industries", by establishing a dépôt at which the handicapped were employed on the repairing of old clothes, collected as donations from the charitable, and were paid out of the proceeds of their sale through the institution's own shops. Today this institution covers several city blocks and its activities include the repair of furniture and shoes,

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(1) Devine, 1919.

(2) Dr. M. Bourrilon : L'Assistance aux Estropiés et aux Mutilés, en Danemark, Suède et Norvège, 1903. (Quoted by Dr. Devine, op. cit.)

(3) Devine, 1919.

upholstering, etc. In 1947, associated institutions existed in almost every state of the U.S.A. and in seven other countries, including those popular fields of American mission work; China and India. (1)

In Britain, not the stirring of missionary zeal, but the ever-recurring stimulus of war had led the Soldiers and Sailors Help Society to establish (in 1904) workshops to provide employment for disabled veterans of the Anglo-Boer war. Lord Roberts took so keen an interest in them that after his death they were called the "Lord Roberts Memorial Workshops". Toy making (2) was chosen as the chief industry on which to base their expansion in the first world war, and a factory employing over a hundred men was functioning in Fulham at the end of 1915. In April of that year Sir Arthur Pearson had established St. Dunstan's hostel for Blinded Soldiers and Sailors in a fine old Regents Park house said to be the original of the Marquis of Steyne's mansion in Vanity Fair. In the same year the Regent Street Polytechnic drew up a scheme of instruction available in its courses for disabled veterans. (5)

#### SPECIAL EFFORTS TO PLACE THE HANDICAPPED IN ORDINARY EMPLOYMENT

From 1906 to 1912 a special employment bureau for the handicapped was conducted in New York. In announcing its decision to close it reported : "The experience of this Bureau has shown that it is impossible to create a market for the labor of crippled adults without fitting them, by training in suitable kinds of industry, to compete on practically even terms with those who are not handicapped". This opinion has been given due weight in subsequent American discussions of the subject, with the result that great emphasis is now placed on "vocational re-education".

This technique is teamed with what the U.S. Department of Labour calls "Selective Placement for the Handicapped" which has its origins in early motion and fatigue studies by Gilbreth and others. Alfred Marshall (Industry & Trade, 3rd Edition, p.380) thought that the practical

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(1) J.P. Demaree: "Payment in Human Dividends" in the Christian Science Monitor, 23rd August, 1947.

(2) Until the outbreak of the war Britain had imported most of her requirements of toys from Germany.

applications of Gilbreth's

"method in business are more interesting than important. But it has recently proved of excellent service in helping soldiers who have lost a limb, or are otherwise crippled, to do industrial work. It enables many customary motions to be eliminated, and others modified ; so that, for instance, a man who has lost both his arms has been taught to drive a motor car safely at 100 miles an hour". (1)

A British Royal Proclamation in 1919 introduced the King's National Roll. Employers whose pay rolls included a specified quota (normally 5%) of disabled ex-servicemen (2) of World War I were formally enrolled and became entitled to use on their "letter-heads" the emblem of the scheme. From 1921, enrolled firms were given preference in the allocation of Government contracts. The scheme seems to have been successful in helping the less seriously disabled to avoid unemployment, but was of little benefit to those with severe handicaps. (3)

The essence of this British scheme was its voluntary nature. On the continent legal compulsion to secure similar ends was less repugnant to some legislatures. A German statute obliged all large scale employers to hire a fixed percentage of physically handicapped workers. (4) France had a similar law, (5) tempered by a special government fund which carried the additional workmen's compensation risk of employers engaging disabled persons. (6) In addition, vocational training was made compulsory for those mutilés who were eligible for military pensions. (4)

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(1) The example seems to the present author an unfortunate one, in that such an occupation in a 1916 car must have been more likely to increase than to diminish the need for rehabilitation services. (Professor Marshall took it, apparently, from the Times Engineering Supplement of December, 1916.)

(2) Only those to whom disability pensions had been awarded were eligible for the scheme.

(3) H.M.S.O. 1949 pamphlet mentioned in footnote 1, p.19, below.

(4) Enc, Soc.Sc., 1930 : "Rehabilitation".

(5) Enc. Soc.Sc., 1930 : "Veterans".

(6) Devine, 1919.

10. VOCATIONAL REHABILITATION ACT IN THE U. S. A.

In the U.S.A., the Vocational Rehabilitation Act was passed in 1920. It created a national advisory service and provided for Federal subsidies (on a dollar for dollar basis) to States engaging in rehabilitation of the physically disabled. The subsidy could be spent on administration, tuition, supplies and essential artificial appliances, but not on the personal maintenance of the disabled. Many States had already started rehabilitation schemes ; others now followed suit. In general they were administered by a board for vocational education associated with the State department of education. Personnel, drawn from the vocational education field, were required to supervise closely the cases of handicapped persons applying for assistance, to select for each the most suitable occupation, arrange for any necessary training, secure his or her employment in that occupation, and to "follow up" the case until satisfied that rehabilitation had been achieved. In 1932 employment was found in this manner for 5,550 such "cases" with the following origins :

1709 victims of industrial accidents,

1283 victims of public accidents,

2153 disabled by disease,

399 disabled by congenital conditions (1)

The Federal authorities were aware that they were handling, through these services, only a very small proportion of those who needed them, but claimed a very high measure of success with this small proportion. In 1927-28 the average wage of those they rehabilitated was four to five times as high as their earnings after disablement but before applying for assistance, and as high as their pre-disablement earnings (1)

11. HENRY FORD'S EXAMPLE

There would have been little need for this service if all American employers had held the "philosophy of Mr. Henry Ford, Snr., that no worker is really disabled as long as he is willing to work and is placed

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(1) Enc. Soc.Sc., 1930 : "Rehabilitation".

on a job he can do". (1) Since World War 1 the Ford Motor Company has employed large numbers of disabled workers, on jobs within their remaining powers. Before America entered World War 11, the Company's River Rouge plant, in a total labour force of 83,000 employed 11,000 disabled. (2) Ford gives the disabled worker vocational training "on the job".

## 12. SELECTIVE PLACEMENT IN U. S. A.

As was mentioned above (page 15), the American rehabilitation services place great reliance on "selective placement", which supplements the vocational training schemes. By means of what the United States Employment Service calls the "physical demands technique" an applicant's physical capacities are analysed and recorded. In a similar way, the physical demands of jobs available are tabulated. In this way it is practicable to compile a list of jobs for which each applicant is physically suited. The final determination of the most suitable employment for him must, of course, take account of his experience and training and of other relevant factors. "The program for the study of the handicapped which led to the development of the Selective Placement plan was started in 1936 in the St. Paul-Minneapolis' center for the occupational analysis program of the United States Employment Service". (3)

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- (1) "When the Veteran Returns to Ford" in "Industrial Rehabilitation", a Safety Training Digest published by the American Museum of Safety and the New York University Center for Safety Education in 1945. - p.9.
  - (2) In 1944 there were included, among their disabled employees, "687 who are either sightless or with severely impaired vision ; 66 who are deaf and dumb ; 42 disabled by infantile paralysis ; 112 epileptics ; 80 with one arm ; 1 with no arms ; 223 with one arm crippled ; 12 who have had both arms amputated ; 91 who have had one leg amputated ; 36 who have one leg badly crippled ; 31 who have lost the use of some part of their body because of spine fractures ; 101 who suffer organic heart ailments". (Ibid, p.14, quoting Ross H. McFarland, Ph. D, in "Physically Handicapped Workers" Harvard Business Review, Autumn 1944)
  - (3) U. S. Department of Labour : "Selective Placement for the Handicapped". 1945.



### 13. "NEPH WEEK"

During the Second World War Britain abandoned the King's National Roll scheme for persuading employers to hire the handicapped, and substituted statutory compulsion under a quota system. (1) In addition, a number of state-financed sheltered employment factories were set up to absorb those men who were regarded as too severely handicapped to be included in the "quota". (2)

The U. S. A. continued to reject the idea of compulsion, but developed a propaganda machine to make persuasion more effective. The activities of the "President's Committee on National Employ the Physically Handicapped Week" were given a legal basis in Public Law 176, enacted in August 1945, and an annual appropriation of funds for its purposes was authorised in Public Law 162, approved on 11th July 1949. The purpose and intent of the Committee are

1. "To provide for a continuing program of public information and education for the employment of handicapped citizens and,
2. To coöperate with all groups interested in the employment of the handicapped". (3)

### 14. THE SECOND WORLD WAR

Towards the end of the war, the International Committee of the Red Cross issued a questionnaire (4) to all the signatories of the 1929 (revised) Geneva Convention for the Relief of the Wounded and Sick in Armed Forces in The Field to discover what assistance was being given to the war-disabled of the world. Replies were received from 28 countries.<sup>(5)</sup>

- (1) U.K., Ministry of Labour & National Service: "Second Report of the Standing Committee on the Rehabilitation and Resettlement of Disabled Persons", H.M.S.O. 1949.
- (2) Disabled Persons Employment Act, 1944.
- (3) U.S. Dept. of Labour, Bureau of Labour Standards. Draft, dated 14th March 1950, of "Proposed Program of the President's Committee on NEPH Week.
- (4) Comité International de la Croix-Rouge : "Report on Assistance to War-Disabled" (Geneva, 1949). The material for this section of the present work has been drawn from this report.
- (5) Australia, Austria, Belgium, Bulgaria, Canada, China, Czechoslovakia, Ecuador, Finland, France, Germany, Great Britain, Hungary, India, Ireland, Italy, Japan, Netherlands, New Zealand, Poland, Portugal, Rumania, Siam, South Africa, Spain, Sweden, Switzerland, & the U.S.A.

It was found that they showed two quite distinct approaches to the subject. "Victory or defeat in war determines the fate of the disabled not only in a physical, but also in a moral sense". (1) In defeated countries, war disabled are the responsibility of the civil authorities, their pensions are inadequate, and their condition arouses little interest. In victorious countries they are treated as heroes, enjoy generous pensions and numerous other privileges and are the focus of much public attention. (2)

In all countries free medical attention and orthopædic appliances are provided by the State, and the severely disabled receive "intellectual, moral and spiritual" assistance from private organisations. Disabled veterans receive pensions proportionate to their degree of inability to work. The blind, those who have lost the use of two limbs and certain cases of severe chronic diseases are regarded as totally disabled and receive pensions and allowances which are intended to suffice for their feeding, housing, heating and clothing.

The sixteenth question asked by the International Red Cross Committee was

"Are vocational training courses open to invalids and cripples who are still able to work (even in a reduced degree) or to take up a new occupation? Are such courses free"? (3)

Almost every country answered both parts of this question in the affirmative. The exceptions were : India, where the Labour Department was planning such courses, Rumania, and Siam.

The replies to the seventeenth question showed that in all countries there were facilities of some or other sort for placing disabled veterans in employment. (4) In most countries they were given

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(1) Ibid, p.4.

(2) In one country the disabled veteran "wears his uniform for the rest of his life and receives a pension which is equivalent to army pay for a rank immediately superior" to his rank at the time he was disabled. (Ibid p.4)

(3) Ibid, p.119.

(4) Ibid, p.128 et seq.

priority for some Civil Service posts, and private concerns over a certain size were required to employ between 3% and 5% of war disabled. "Some countries have arranged for an employment system similar to the British "Sheltered Employment". Special factories have been opened .... on a non-commercial basis" to employ men debarred from normal occupations. (1)

##### 5. THE CHANGED ATTITUDE OF SOCIETY TOWARDS THE DISABLED

An important change in what may be called responsible opinion about the disabled is illustrated by a comparison between the results of the Red Cross survey and that performed by Mr. Perkins a century earlier (2) In the Red Cross report it is described as follows :

"During the last century, the natural assumption was that persons who had sustained a severe physical or mental injury, either through sickness or accident, were no longer fit to perform remunerative labour and should inevitably become dependent on public or private charity. The wages paid for the light jobs available to the disabled were inadequate for their regular upkeep. Happily, conditions have now changed ; a careful study of functional incapacity, combined with modern methods of re-training, allow the disabled to prepare for employment suitable to their state of health. After a fairly protracted apprenticeship, they are able to take up trades in which, if they are industrious and willing, they may turn out a match for the physically fit. Hence the interests of the State and those of the disabled are served alike, when the latter are given the assistance necessary for them to follow a suitable trade and to overcome initial handicaps. Proper training thus allows them to regain their rightful place in community life, under the best possible conditions.

Very great strides have been made in this field by some belligerent countries of the last war and a comparison of results would be particularly interesting. The progress made is not always due to the same circumstances. In countries where the utmost resources of the population were applied to war output, nobody clearly could be allowed to remain idle, and occupation according to utility had to be found for each man and woman, even the most seriously handicapped. This stern necessity, instead of imposing a burden on the disabled,

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(1) Ibid, p. 11.

(2) Page 12.

sometimes proved a substantial encouragement and the means by which they recovered their independence and self-respect. In other countries the authorities, recognising that the disabled, if left idle, would in the future be an excessive burden on the public exchequer, took steps to prepare them for some trade or profession". (1)

In this, the emphasis is on the economic interests of the State. An important South African committee (2) put the issue on an ethical plane :

"It is the duty of a Christian community to educate and train its physically handicapped members to their maximum capacity, in order to give content to their lives in the form of productive activity and participation in the spiritual acquisitions of the nation". (3)

## 6. MODERN REHABILITATION PROGRAMMES

Poor relief measures, pensions and "homes", from this modern point of view, are no longer the hall-marks of the Society that takes a kindly interest in its handicapped members. Almost universally an attempt is being made to build up a comprehensive rehabilitation programme to enable these unfortunates to reduce to the minimum their dependence upon any form of charity. Such a programme must take account of the different requirements of people with different degrees and types of disablement. For this purpose, the handicapped are frequently classified (4) as follows :

Group 1. Those who, with some special assistance, can be placed in and hold ordinary employment in competition (5) with the able-bodied.

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(1) Op. cit., pp 9, 10.

(2) The Inter-Departmental Committee on Deviate Children, appointed by the late Mr. J.H. Hofmeyr on 17th July 1942, which presented its invaluable report on 23rd January 1945. (U.G. 30/1945).

(3) U.G. 30/1945, p 132

(4) For example, see Mary E. MacDonald in "Federal Grants for Vocational Rehabilitation" (p 294 et seq.) for American practice. See also "Report of the Inter-Departmental Committee on Deviate Children". (U.G.30/1945, p.220).

(5) When this classification and phraseology are used in rehabilitation literature, the authors appear to mean "employment at standard wages", whether determined by competition or by collective bargaining.

Group 2. Those who, because of the severity or the peculiarities of their disabilities, cannot hold ordinary employment, but who cannot be regarded as home-bound. (1)

Group 3. The home-bound, for whom the only practicable services are institutional "homes", or the provision of work which they can perform in their own homes.

A comparison of the rehabilitation programmes of a number of countries, and of the recommendations of official committees appointed to investigate this question, shows that it is generally accepted that the following "socio-economic" measures are required if all these groups are to be served by the programme : - (2)

1. Vocational training for the congenitally disabled, as well as for adults who acquire disabilities which prevent their returning to their previous occupations. Candidates for this service may exist in all groups.
2. Vocational guidance (or "selective placement") to ensure not only that the handicapped do not find their way into occupations in which they are a hazard either to themselves or to others, but also that they are given the opportunity to make the utmost use of their remaining powers. Those who direct this service may have to determine to which group the individual handicapped person belongs.
3. A measure of compulsion or of strong persuasion of employers to maintain on their payrolls a proportion of those classified in Group 1. Alternatively, or in addition, certain occupations (either in the Public Service alone or in Industry and Trade as well) may be reserved for the disabled in the sense that they are given preference in appointments to those occupations. Group 1 handicapped people may be required to enrol themselves on a "register" to obtain the benefit of this service.
4. Sheltered employmentcentres or the subsidisation of employers, for Group 2. The reserved occupation scheme may also be used for the benefit of this group.

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(1) The dividing line between Groups 1 and 2 depends not only on the degree and type of disability, but also on the industrial organisation of the community, and on other factors. This subject will be discussed later (Chapter 13).

(2) Occupational therapy and curative workshops have "socio-economic" content, but their main functions are therapeutic. They are therefore omitted from this list.

In an age when free, compulsory, universal education is the accepted ideal, special schools for the blind, the deaf or the cripple may be regarded as serving a purely educational function. Their provision is, of course, essential to a complete rehabilitation programme, but it need not be mentioned in a list of the "socio-economic" measures which round that programme off.

5. Home work schemes and institutions providing both accommodation and work facilities for Group 3 (occasionally under the same administrative control as the sheltered employment schemes).

These institutions may be supplemented by exempting handicapped persons and their employers from certain provisions of the laws relating to Workmens' Compensation and to minimum wages. The nature and purpose of these exemptions will be discussed in Chapter 14.

This list serves the purpose of emphasising that sheltered employment is generally regarded as only one of many inter-related institutions in a complete rehabilitation programme. It will be readily appreciated that the number of candidates for sheltered employment depends, inter alia, on the effectiveness of the measures designed to secure the employment in ordinary industry of "Group 1". If the local sheltered employment centres are not organised to cater for them, "chair-bound" people may be regarded as falling in "Group 3" for employment purposes, but it has been shown (by Haven Products in Scotland) that they can be rehabilitated in sheltered employment.

It is therefore essential that a study of the sheltered employment institutions of any community take full account of the development of other rehabilitation measures in that community. For this reason, to facilitate subsequent discussion of the development of "Urban Sheltered Employment" in South Africa, the next chapter of this monograph attempts to chronicle the beginnings of rehabilitation (and related) services in that country.

CHAPTER 3.

REHABILITATION IN SOUTH AFRICA.

1. ORIGINS

From the earliest days of Dutch settlement in South Africa the Nederduits Gereformeerde Church has played an active part in the provision of poor relief and, later, of rehabilitation services. (1) To the RomanCatholic church, however, goes the honour of having been first in the latter field when six Irish Dominican sisters founded, in 1863 at Cape Town, the "Grimley Institute for the Deaf-and-Dumb" (now called the "Dominican School for the Deaf"). (2)

A school for the deaf and the blind ("Doofstomme en Blinde Instituut") was opened at Worcester, about 80 miles from Cape Town, in June 1881 by the Nederduits Gereformeerde Church. According to Dr. P.F. Greyling the idea of forming this institute was first formulated in a conversation between two Ministers of the Church, the Rev. C. Rabie and the Rev. W. Murray, during which the former mentioned that a farmer in his congregation, knowing of no other way to have his deaf-mute son educated, was thinking of sending him to the Roman Catholic school at Cape Town. (3)

An institution to provide special education for imbecile children was established in 1894 as a department of the Grahamstown mental hospital. The aim of the institution was to develop the faculties of those feeble-minded children for whom there was hope for mental improvement. (4)

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(1) Greyling, Dr. P.F., "Die Nederduits Gereformeerde Kerk en Armesorg" : Cape Town, 1939.

(2) U.G. 30/1945, p. 3.

(3) Greyling, 1939, p. 146, 147.

(4) U.G. 30/1945, p.5.

The severe incidence of "miners' phthisis" among underground workers on the Rand gold mines stimulated interest in the rehabilitation of victims of that disease in much the same way that wars stimulate interest in rehabilitation problems in general. The mining companies endeavour to re-employ those who have been disabled by this disease. In addition, phthisis sufferers have long had the statutory right to compensatory pensions. (1)

2. IMPACT OF WORLD WAR 1.

Soon after the outbreak of war in 1914, the Governor General's Fund was inaugurated. It spent over £1,300,000 on assistance to the families of men on service between 1914 and 1918, and almost the same amount during the following three years on helping those who had returned from war service to re-establish themselves in civil occupations. At the outbreak of the second world war the Fund was still distributing £30,000 per annum on the relief of distress caused by the first. (2)

An off-shoot of St. Dunstan's, London, was established in South Africa in 1918. It undertook responsibility for the training, settlement and permanent after-care of war-blinded soldiers. It is still functioning and has taken under its wing those who lost their sight in the second war. In general, St. Dunstan's organises home-work schemes, or arranges for the placement of its protégés in ordinary occupations. It has no sheltered workshops like those maintained by the Civilian Blind Societies. (3)

The war naturally produced statutes (Act 42 of 1919, amended by Act 21 of 1920) to provide for the payment of pensions to those who were disabled on service. At the outbreak of the second war, over £200,000 per annum was being paid to 3,420 disabled veterans of the first. (4)

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(1) Act 34 of 1911.

(2) Union Year Book No. 21, 1940. p 230

(3) Information obtained from the Secretary

(4) Union Year Book No. 21, 1940. p 230.



The organisation now known as "The South African Legion of the British Empire Service League" was established in 1921, with the object, inter alia, of assisting in the rehabilitation of all ex-servicemen. (1) The Legion's energy has been devoted mainly to securing improvements in military pensions, to distributing poor relief to "burnt-out" veterans and to organising commemorative pilgrimages and parades.

Nevertheless, in January 1940, the Corbett Committee reported that the "action that was taken at the conclusion of the 1914-18 war was not adequate to ensure the proper re-adjustment of those who had served". The committee had come to this conclusion after investigating the circumstances of "the so-called 'Burnt-Out' War Veterans". The committee expressed the hope "that in future steps will be taken to ensure the re-adjustment of all ex-soldiers on the conclusion of hostilities". (2) What was done in this matter during, and at the end of, the Second World War will be discussed in the next chapter. In the meantime some developments in the years between the wars will be reviewed.

### 3. THE CIVILISED LABOUR POLICY (3)

In 1924 the Union Government adopted what is called the "civilised labour policy". (4) It is a peculiarity of our multi-racial society that a European who lacks the mental equipment, or the strength of character, to become a skilled artisan cannot readily fall back on unskilled labour for his salvation - he has great difficulty in meeting the competition of the Native in this field. In Holland, France or Britain these people would have found their niches as farm labourers or navvies, or in a host of other occupations. In South Africa, however, it was necessary to treat them as "handicapped". To provide for their rehabilitation the

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(1) Ibid, p. 231

(2) UG. 34, 1940, p 79.

(3) Union Year Books Nos. 9, 11, 18.

(4) The author's self-imposed word usage limitations prevent his describing this as the first state-financed sheltered employment scheme in South Africa.

government decided, as a matter of policy, to give them preference in recruiting unskilled labour for public "works" and to pay them more than the standard (Native) wage for that work.

In accordance with this policy the Union Department of Labour included, in a general scheme for the relief of unemployment, provision for subsidising the employment by public bodies of "semi-fit" Europeans and Coloureds. (1) At present this is almost the only developed service which the Department renders to handicapped non-veterans. Approved employers are the Departments of State, the S.A.R. & H., Provincial Administrations, Local authorities and non-profit making private institutions. Those eligible for employment under the scheme are Europeans and Coloureds whom the Department of Labour regards as bona fide unemployed and very difficult to place in employment. (2) They must be over 45 years of age or have been certified by a District Surgeon as unfit for "pick and shovel" work or for work requiring continual walking. Under the scheme they are given light work (cleaning offices, maintaining gardens, etc.,) and the Department of Labour pays more than half their wages, up to a maximum of 10/- per day for Europeans, 9/- for Coloureds and 6/- for Asiatics. (3)

It is of the essence of the scheme that the employment so provided would not have been available to the "semi-fit civilised" person employed except at a wage below what the Department regards as a "civilised" rate. In other words, in the absence of this scheme, the work would probably have been performed by casual, Native labour. (4)

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(1) Union Year Book No. 11 (1928/29) p 189.

(2) Information given by an official of the Department of Labour.

(3) People in receipt of regular State assistance (disability grants, etc.) are excluded, as are "bywoners" and those who have had State assistance in farming operations.

(4) It is possible that the Department would be prepared to subsidise, under this scheme, a sheltered employment workshop established by an approved non-profit association.

Since January 1934, the Department of Labour has paid a similar subsidy on the wages of European labourers employed in private or public soil conservation work, which is "reserved to a large extent for unemployed persons, who, owing to age or physical difficulties, are ineligible for other national works". (1)

The following table (2) shows the average number of "semi-fit" labourers whose employment was subsidised by the Department from 1935 to 1939 :

Year.	European.	Coloured.
1935	14,325	1,954
1936	12,380	1,263
1937	9,823	822
1938	9,030	958
1939	7,893	783

#### 4. THE VOCATIONAL EDUCATION ACT OF 1928

"The Vocational Education and Special Schools Act" (No. 29 of 1928) empowered the Minister of Education to establish and conduct special schools and to subsidise private special schools, later defined as schools

"for the care, education and training of children who, due to physical, mental or behaviour aberrations or defects are incapable of deriving sufficient advantage from the education and training which is provided by the ordinary school or whose attendance at the ordinary school could be detrimental to themselves or to others".(3)

That existing facilities for special education were inadequate had long been recognised. In 1916 Dr. Louis Leipoldt had reported to the Transvaal Education Department that about eight children per thousand of the school population were mentally abnormal to a degree which made them unfit to attend ordinary classes, and that special educational provision should also be made for certain types of cripples, cardiacs and those who manifest behaviour defects.

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(1) Union Year Book No. 21, 1940, p 252.

(2) Ibid.

(3) U.G. 30/1945, p 9.

Two years before the Act was passed, the Witwatersrand Central Juvenile Affairs Board, after a special investigation, affirmed that the unsuitability for employment of children who "could not be placed on account of physical, mental and behavioural defects .... was not so much to be attributed to these handicaps as to the school system which had failed to treat these defects and to develop the residual capacities of the pupils". (1)

The hope that Act 29 of 1928 would materially ameliorate the position was not fulfilled. Almost its only effect was to enable existing private schools for the deaf and the blind to draw state subsidies. (2) Limited provision for other handicapped children continued to be made in special classes attached to schools under the Provincial Education authorities. Vocational training could not be provided in such classes.

5. THE NATIONAL COUNCIL FOR THE BLIND.

For more than 40 years after the establishment of the Nederduits Gereformeerde Church's special school at Worcester in 1881 very little was done to help the blind. Then, within a few years, there were some important developments : the organisation of a Braille library at Grahamstown, the founding of an after-care society for civilian blind at Johannesburg and of the "Athlone School for non-European Blind" near Cape Town. Nevertheless, when these developments were reviewed at a conference of workers among the blind, in 1928, it was considered that far too little had been achieved. (3)

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(1) Ibid.

(2) The Social Security Committee "fails to see why free education should be provided for normal children, while those suffering from infirmity .... whose needs are thus greater, should be dependent entirely on charity to have them met". (U.G. 14/1944, p 36)

(3) Civilian Blind Society, Cape Town - 1st Annual Report 1929-30.

That substantial progress has since been made in the education and after-care of the civilian blind has been mainly due to the efforts of the S.A. National Council for the Blind, which was formed in 1929.(1) In its second biennial report (1931 - 32), the Council recorded that the "Johannesburg Society to help the Civilian Blind" had taken a shop and work-room during "the year commencing September 1930 .... in this way a nucleus of the first institution of its kind in South Africa was formed". In 1936, the Council succeeded in having the "Blind Persons Act" placed on the Statute Books. (2) Under this Act, special provision is made for pensions for European and Coloured (but not Asiatic or Native) blind, as well as for the payment by the State of grants-in-aid to sheltered workshops such as that established by the Johannesburg Society.

6. THE NATIONAL COUNCIL FOR THE DEAF

Workers among the deaf formed a national council on the same lines and in the same year as the National Council for the Blind. Its objects are to assist in establishing and to coördinate local societies for the care of the deaf, and to represent them on a national level. The Council has helped to secure the extension of special education for the deaf, (3) but has neither established sheltered workshops nor promoted special pension legislation. This is due to the fact that the problem of rehabilitating the deaf is largely educational. Particularly since the introduction to South Africa in 1921 (by the Dominican School) of modern methods in which their education is based on acoustic devices and lipreading, rather than sign language, the deaf appear to have less difficulty in securing and maintaining their economic independence than other severely handicapped groups. There are, of course, some very noisy occupations in which it would seem to be almost an advantage to be deaf.

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(1) U. G. 30/1945, p 11.

(2) The 9th Biennial Report of the Council (1946-47) ascribes the credit for the passing of this Act to the late Adv. R.W. Bowen, M.P., who had been blinded on service during the 1914-18 war, and had been helped by St. Dunstan's.

(3) U.G.30/1945, p 11.

7. PENSIONS AND GRANTS FOR THE HANDICAPPED.

On 1st January 1929, the Old Age Pensions Act (No. 22 of 1928) came into operation. Subject to a means test, European or Coloured persons who had reached the age of 65 (1) became entitled to a pension. In 1935, the Department of the Interior started paying small grants to indigent Asiatics. (2) Two years later the Department of Labour instituted the "Invalidity Grant" scheme for the benefit of handicapped Europeans over the age of 16 who did not qualify for other forms of State aid. (3) A similar scheme to assist blind Natives was instituted in 1937 by the Department of Native Affairs. (4)

8. INCREASING INTEREST IN REHABILITATION IN THE LATE 30'S

Growing interest in the whole field of social work resulted in the convening in 1936 of what the chairman (Dr. E.G. Malherbe) described as "n Konferensie van Konferensies" (5) at which 253 different organisations - charities, churches and Government departments - were represented by about 700 delegates. At this conference it was stated that there were about 12,000 handicapped people in the Union. (6) The spokesman of the Department of Labour and Social Welfare who gave this estimate emphasised that "the handicapped .... can frequently hold ordinary employment satisfactorily, provided that account is taken of his handicap when choosing the appropriate job for him". He regarded the solution of the problem as dependant mainly on the organisation of appropriate services, but recognised that it was complicated by the fact that when employment tends to contract the handicapped is the first to be discharged and the last to be reinstated. (7)

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(1) Later reduced to 60 years for indigent women. (2) U.G.14/1944, p 15.

(3) Union Year Book No. 21, 1940, p 225. (4) Ibid, p 226.

(5) U.G. Dept. of Education: Report of the National Conference on Social Work 1936 (p 1)

(6) In the same year the Department of Census & Statistics estimated that there were at least 5,259 Europeans, 176 Asiatics & 1,913 Coloureds who were either blind, deaf, dumb or epileptic. Union Year Book No.18 1937.

(7) du Toit, Ds. P., "Geleentheid vir Indiensneming en Rehabilitasie van halfgeskiktes" in U.G. Dept. of Education: Report of the National Conference on Social Work, 1936. (Quotation translated by the author)

As has already been mentioned, special education and rehabilitation facilities were already available for the blind, and for the deaf and dumb. Measures to assist the epileptic were now instituted. The Rand Epileptic Employment Association was formed to provide sheltered employment for some of them (in floriculture on a farm near Johannesburg<sup>(1)</sup>), and in 1937 the first special school for epileptic children was opened at Kuilsriver (near Cape Town). (2)

In the same year, the Minister of Education arranged for the payment of special subsidies to Provincial Education departments to extend the facilities for educating other handicapped children in special classes, (3) and two years later the National Council for the Care of Cripples was formed, with the aim, inter alia, of securing the rehabilitation of that class of the handicapped. (4)

Finally, it should be mentioned that the Union Department of Social Welfare was established on 1st October 1937 with the function of rehabilitating "the socially unadjusted or poorly adjusted individual or family". (5)

#### 9. REHABILITATION OF THE HANDICAPPED AT THE START OF WORLD WAR II - SUMMARY

The preceding sections of this chapter are intended to provide a background against which to view in their proper perspective the measures taken during the Second World War to rehabilitate disabled veterans. So far, however, only the highlights and peaks of achievements have been filled in - the picture will be incomplete without some indication of the shadows and valleys of omissions.

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(1) U.G. 63/1949, p 13.

(2) Greyling, 1939. The initiative in forming "the Jan Kriek School & Home" was taken by the wife of the local minister of the Dutch Reformed Church, and that church has since taken a keen interest in it.

(3) U.G. 30/1945, p 11.

(4) Union Year Book No. 21 (1940), p 227.

(5) U.G. 34/1949, p 1.

At the 31st December 1938 there were 1,569 European and 1,347 Coloured blind registered under the Blind Persons Act of 1936 and there were 8,379 Natives certified as blind by District Surgeons. Of these only 242 Europeans and 42 Coloureds were in employment, and 177 Europeans and 68 Coloureds were undergoing vocational training. The 5th Biennial Report (1937-1938) of the S. A. National Council for the Blind - from which these figures are quoted - makes no mention of the employment of Native blind.

The same report shows that of the blind in employment and undergoing training, there were 81 workers and 46 trainees in the various blind workshops in the Union and adds (p 23)

"Nearly all the workshops have reached their limits of accommodation and further development is not immediately possible owing to lack of funds."

The Inter-Departmental Committee on the Invalidity Scheme recorded that there were, at this time, about 350 epileptics in need of sheltered employment (this figure excludes Native epileptics). The only institution available for this purpose was the Rand Epileptic Employment Association which had about 30 inmates.<sup>(1)</sup> The same committee reported that

"As regards cripples, it is obvious that the possibility of rehabilitation depends upon the provision of adequate orthopaedic treatment at the earliest possible stage .... only at Cape Town and Johannesburg are complete orthopaedic facilities available, and the facilities at these centres are not sufficient to deal adequately with all the cases in their immediate environment, quite apart from the requirements of the rest of the Union .... Throughout a large portion of the country nothing is done for the cripple .... Apart from the cruelty .... the present neglect is an economic waste. (2) .... /It was/ established that 8.59 per cent of the general European population were sub-normal and .86 per cent mentally defective; the actual figures are 142,592 and 14,296 respectively, giving a total of 156,888. Of the 14,296 mental defectives, 1,700 are in institutions, leaving a total of 155,188 subnormal and mentally defective people .... /"to a large extent debarred by the existence of the Coloured and Native sections of the community from taking their natural place in the labourer class" (3)/ .... for whom, in spite of their limited capacities, it is necessary to endeavour to find a suitable niche in the community." (4)

In short, in 1939, the Union was devoting much time, money and energy to poor relief, and little to scientific rehabilitation of the disabled. In the following chapter we shall review the changes that occurred during the war which started in that year.

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(1) U.G. 34/1940, pp 43,44.

(2) Ibid, p 43.

(3) Ibid, p 45, para. 263.

(4) Ibid, p 45, para. 264.



CHAPTER 4.

REHABILITATION SERVICES INTRODUCED IN SOUTH AFRICA DURING  
THE SECOND WORLD WAR.

1. INTRODUCTION

At the outbreak of the war, the Department of Social Welfare was organising rural settlement schemes at Hereford and Vaal-Hartz for the occupational rehabilitation of "persons of a rural type". (1) In 1942, the Johannesburg Municipal Social Welfare Department opened a small work depot to provide sheltered employment for some of the poor of that city. (2) In the same year, the Government appointed an inter-Departmental committee to investigate the problem of deviate children and the measures necessary to adjust them to society. Early in 1945 the committee presented a long, invaluable report (3) to which one of the annexures was a comprehensive survey of the employability of physical and mental deviates in ordinary industry in the Union. (4)

It is clear that not all the war-time developments in the rehabilitation field were due to concern over the ex-serviceman. That concern, however, led to such a spate of activity that it would need a separate volume to trace the development and the history of the many services that were established for the benefit of South African volunteers.

2. VETERANS ASSOCIATIONS AND KINDRED ORGANISATIONS

From the earliest days of the war a number of voluntary associations - foremost among which was the Governor General's National War Fund - took an active interest in the welfare of serving

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(1) U.G. 34 - 1940, p 45.

(2) City of Johannesburg - Social Welfare Department - "Welfare News" Vol. 3 Nos. 5-6, Sept.-Dec. 1949, pp 13-19.

(3) U.G. 30/1945.

(4) Ibid- Annexure A, pp 260 to 643.

men and women and their dependants. The national veterans' associations (the South African Legion of the B.E.S.L., and the Memorable Order of Tin Hats) of the first World War opened their ranks to veterans of the second. New associations, among which the Springbok Legion was the most prominent, were formed to supplement or to compete with them.

All of the associations acted as political pressure groups (not all of them overtly) working consistently, though not always in harmony, to persuade an already sympathetic Government to make generous provision for the demobilisation of ex-volunteers and, particularly, for the rehabilitation of those who were disabled on service. In due course, the associations were to play an important coöperative rôle in the official "Demobilisation Plan", and many of them are still working in the spirit of the promise they made during the war : "There shall be no forgotten men".

### 3. PENSIONS

While it was still preoccupied with the difficulties of mobilisation the Government was given a foretaste of the problems of demobilisation by the presentation of a report, (1) by an inter-departmental committee (the Corbett committee) on, inter alia, "the so-called 'Burnt-Out' War Veterans" of the Anglo-Boer War (1899-1902) and of what was still called the Great War (1914-1918). The committee was satisfied

"that there exists in the Union a class of persons who have in the past given military service and who are now by reason of their physical or mental condition unable to maintain themselves in a reasonable economic position .... it seems to be impossible to escape from the conclusion that the hardships of that military service have played a considerable part in reducing them to that condition". (2)

The Government in due course embodied in a statute (Act 45 of 1941, amended by Act 44 of 1942) the committee's recommendation that special War Veterans' Pensions be instituted for the relief of these people. (3)

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(1) U.G. 34/1940.

(2) Ibid, p 73.

(3) These pensions are now available, also, to veterans of the Second World War.

The War Veteran's pension should not be confused with the ordinary Military Pension paid in compensation for specific disablement incurred on military service. Provision for the latter had been made under Act No. 42 of 1919 but it was thoroughly revised during the war, the scales of awards being raised and safeguards introduced to protect beneficiaries. (1)

#### 4. THE READJUSTMENT OF DISABLED SOLDIERS

Of greater importance, for our present purposes, was the interest of the Government in the eventual occupational resettlement of the volunteer members of the forces. The Civil Re-employment Board was set up, under the chairmanship of a Cabinet Minister and "was entrusted by the Government with the task of arranging and facilitating the return to civilian life of all soldiers discharged from the army". (2) On the recommendation of this Board, the Government appointed (on 12th August 1941) the Thornton Committee

"To investigate the whole question of the rehabilitation of disabled South African Volunteers who have attested for active service during the present war and to report and make recommendations to the Civil Re-employment Board on the steps that should be taken to deal with this problem". (3)

The committee presented its report on 11th October 1941. It treated "the process of re-adjustment of the disabled volunteer" as consisting of four inter-related phases : -

- (1) The South African Legion of the B.E.S.L. played a prominent part in the preliminary discussions, and is officially recognised by the Pensions Office as an organisation for assisting applicants for military pensions.
- (2) "Functions and Powers of the Re-adjustment Board" - Union Govt. Printer 1943.
- (3) Union of South Africa : Report of the Committee on Disablement Problems Arising out of the War - October 1941 (Chairman : Sir E.W. Thornton). It is interesting to note that the terms of reference of the Corbett Committee (mentioned in Sec. 3 above), appointed in March 1939, had included a similar enquiry into the whole question of rehabilitating the "physically unfit".

(a) Medical Reconstruction in the military hospitals

In this phase "the interest of the soldier in his future career must be stimulated even before he is able to undertake any actual vocational training. By this means, the tendency towards permanent hospitalisation with its concomitant psychology of resistance to rehabilitation can be avoided". (1)

(b) Vocational Training

"Initial training .... will take place in the military hospitals .... After discharge from hospital, further training must take place in established educational and vocational institutions, as well as in industry itself". In general the aim should be "to refit each man to return to his previous occupation. If his disability is such that he cannot continue to perform the same work, consideration should be given to placing him in related or similar work, where the physical demands are less strenuous". (2)

(c) Placement in Employment

The section of the report dealing with this "phase of the process of readjustment" consisted of only three paragraphs which are quoted in full here :-

"32. The training programme must be devised with an eye to eventual placement in employment. This presupposes a knowledge of the employment opportunities available in the community. The collaboration of the Department of Labour and of the Trade and Labour Councils, from the earliest stage when the training programme is evolved, is clearly indicated.

"33. The Department of Labour has advised your Committee that it should have no difficulty in placing men in employment provided the labour market is buoyant, but that it cannot create work. The Government has proclaimed its intention to adopt a policy which will ensure a buoyant labour market after the war. This policy is a sine qua non for the success of any scheme for the vocational placement of disabled soldiers.

"34. In some cases severely disabled soldiers will not under the most favourable circumstances, be able to enter normal employment. To meet their need, consideration may have to be given to the subsidization of workshops and the establishment of colonies or settlements where the semi-fit soldier can work under suitable conditions". (3)

(d) Social Readjustment

It was felt that the restlessness and family difficulties might affect the disabled ex-soldier adversely in his first civil employment. "Every assistance should therefore be made available to him until his adjustment has been attained".

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(1) Ibid, pp 7,8.

(2) Ibid, pp 8,9.

(3) Ibid, p 10.

For this purpose the Department of Social Welfare should co-operate with such private agencies as the South African Legion of the B.E.S.L. in maintaining contact with the soldier and his family. (1)

The Committee recommended that special "administrative machinery .... be set up to direct and co-ordinate the work of readjusting the disabled soldier." (2)

5. "THE FUNCTIONS AND POWERS OF THE NATIONAL READJUSTMENT BOARD FOR DISABLED SOLDIERS WORKING IN CO-OPERATION WITH STATE DEPARTMENTS AND VOLUNTARY ORGANISATIONS." (3)

In April 1942 the Thornton Committee's recommendations about "administrative machinery" were implemented. The "National Readjustment Board for Disabled Soldiers" was established under the chairmanship of Brigadier Sir Edward Thornton. The members of the Board were the (4) heads of the six Departments (and sub-Departments) of State most directly concerned with the problem of the readjustment of disabled soldiers. The Board functioned through the "Directorate of Rehabilitation Training" with Brigadier Thornton (who had previously been the D.G.M.S) at its head as the "Director-General of Rehabilitation Training." Major L. van Schalkwyk and Captain C. W. Wright were, respectively, the Director and the Assistant Director of Readjustment Services. There were local officers of the Directorate (called District Readjustment Officers - "D.R.O.'s") at six centres, and elsewhere the Regional Officers of the Department of Social Welfare represented the Directorate

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(1) Ibid, p.10.

(2) Ibid, p. 13.

(3) Title of the pamphlet issued by Brigadier Sir E. N. Thornton, as Director-General of Rehabilitation Training, on 1st October 1943 (printed by the Government Printer) from which the information given in this section has been extracted.

(4) There was one exception - the Under-Secretary for Labour. The other members were the Secretary for Social Welfare, the Secretary for Education, the D. G. M. S. (U.D.F.), the Commissioner of Pensions and the Commissioner for Mental Hygiene.

On 1st October 1943 the National Readjustment Board issued a pamphlet describing measures for the disposal of those disabled soldiers who were "unemployable in the ordinary labour market". (1) The all important function of determining who were "unemployable" was to be performed by Employment Officers of the Department of Labour stationed at the military disposal depôts. The necessity for using a special technique in placing the disabled in ordinary employment does not appear to have been recognised. According to the pamphlet the Department of Social Welfare was still

"considering the possibility of providing facilities for urban sheltered employment for ex-servicemen who cannot be employed in the ordinary labour market and who have no military pensions on which to subsist. There are important principles of labour policy involved in such a scheme, on which it is necessary to have clarity before it can be introduced". (2)

This, despite the fact that nearly four years had already elapsed since the Corbett committee (on which both the Departments of Labour and of Social Welfare were represented) had recommended that such a scheme be instituted for the benefit of those civilian disabled "whose form of handicap makes their chance of absorption in industry very small". (3) And two years before the Board's pamphlet was issued, the Thornton committee had - as we have seen (4) - expressed the view that "consideration may have to be given to the subsidisation of workshops .... where the semi-fit soldier can work under suitable conditions". It is noteworthy that the Thornton report also contained the following paragraph :-

"16. Your committee was unfortunately not able to arrange an interview with the President of the Trade and Labour Council, on a date suitable to both the President of the Council and your Committee, to discuss the attitude which that body would adopt towards any scheme which might be introduced for the employment of disabled soldiers. The Under-Secretary for Labour did, however, give your

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- (1) The relevant portion of this pamphlet is quoted in Appendix A page A.1 below. Some of the measures described were still "under consideration" and, in fact, were never put into operation.
- (2) National Rehabilitation Board pamphlet, p. 7, para. 29.
- (3) U.G. 34/1930, p. 41.
- (4) P. 38, above.

Committee the assurance that the Council's attitude would be a sympathetic one and that full coöperation could be expected from Trade Unions generally". (1)

6. FIRST DETAILED OFFICIAL PROPOSALS FOR "URBAN SHELTERED EMPLOYMENT"

The period of preliminary consideration of the principles involved in starting the urban sheltered employment scheme had apparantly come to an end while the National Rehabilitation Board's pamphlet was being prepared. The Conference mentioned in the introductory section of this thesis had given its approval to the scheme on the 22nd September 1943. (2) The Minister of Social Welfare and Demobilisation had been asked to appoint a committee "to promote and control the development of urban sheltered employment for disabled .... ex-volunteers", and had "indicated his approval of this proposal". He appointed a committee, consisting of one nominee each of the S.A. Federated Chamber of Industries, the S.A. Trades and Labour Council and the Associated Chamber of Commerce of South Africa, with one representative each of the National Readjustment Board, the Department of Labour and the Department of Commerce and Industries, under the chairmanship of the Secretary for Social Welfare, Mr. G.A.C. Kuschke. The Committee's terms of reference were

"to advise the Government on the following matters :-

- (1) The general and specific possibilities in the Union for the establishment of urban sheltered employment by -
  - (a) the State ;
  - (b) private agencies with State subsidy as is presently done for the blind and epileptics ; and
  - (c) private employers,
- (2) The conditions under which -
  - (a) the several types of employers mentioned above shall -
    - (i) establish and maintain industries and other facilities for sheltered employment ;
    - (ii) sell manufactured products, and
  - (b) the hours of work, pay and general welfare of handicapped employees shall be regulated.

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(1) Thornton report, p. 7.

(2) Kuschke report, p. 1.

- (3) The desirability or otherwise of compiling a register of handicapped persons, classified according to the types and degrees of disabilities, in order to determine eligibility for sheltered employment.
- (4) The types of occupational activities most suited for sheltered employment and the desirability or otherwise of the Government specifying certain occupations to be reserved for the employment of handicapped persons.
- (5) Such other matters as from time to time may arise in connection with sheltered employment for handicapped persons".

The Kuschke Committee was, however, aware that the de Vos Malan "Inter-Departmental Committee on Deviate Children", which had been appointed on 17th July 1942, (1) was considering the questions covered by terms of reference Nos. (3) and (4) above (2) and that legislation was contemplated by the Department of Labour which would "enable many disabled persons to find a job in the ordinary labour market, who would otherwise be candidates for urban sheltered employment". (3) The Kuschke Committee expressed the opinion that these matters should receive the attention of the permanent Board for Sheltered Employment (the establishment of which it recommended) when the de Vos Malan Committee report became available, and concentrated its attention on the other terms of reference. (4)

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- (1) Its report bears date 23rd January 1945 and was published in U.G. 30 of 1945.
  - (2) Dr. L. van Schalkwyk was a member of the de Vos Malan committee and served in an advisory capacity on the Committee on Sheltered employment.
  - (3) Apparently this refers to Section 19 of Act No. 40 of 1944 (The Employment of Soldiers and War Workers Act), which the de Vos Malan Committee recommended should be extended to apply to non-veterans. This gave the Minister of Labour power to introduce the "quota" system.
  - (4) Although the terms of reference confined the committee to considering the placement of ex-volunteers, it recorded its opinion that the needs of disabled civilians should also be considered, and that they might be met, in due course, by extending the administrative machinery advocated in the report.



In the first place it considered the question whether the institution of sheltered employment was desirable. Chapter 3 of the Kuschke report starts with this question and ends by answering it affirmatively, without making any reference to the "important principles of labour policy involved in such a scheme" which constituted - as we have seen - the explanation of the National Rehabilitation Board for the delay in introducing it. The three paragraphs of the report of the Thornton committee which deal with "Placement in Employment" (1) are quoted in full. The Kuschke committee then states that only 15% of soldiers "presently being discharged from the army" fail to return to their pre-enlistment employment. They are "categorised as follows" :-

- (a) Military Pensioners,
- (b) Pensionable and non-pensionable ex-volunteers who, on account of their disability are provided with vocational training at state expense.
- (c) Ex-volunteers eligible for admission to (rural) Settlements for the Unfit and Semi-fit. "This group includes wholly and partially disabled ex-volunteers, epileptics and tuberculosics".
- (d) War Veterans Pensioners,
- (e) Ex-volunteers eligible for Temporary Subsistence Allowance.

The committee was of the opinion, but did not express its reasons for believing, that a proportion of each of these categories would be candidates for sheltered employment. This chapter of the report then concludes as follows : -

"14. Various additional measures have been proposed as means of attaining the re-adjustment of disabled volunteers into civil life and employment. These proposals include the establishment of model villages and community farming projects - the absorption on a voluntary basis of disabled ex-volunteers by employers of labour and legislation for their compulsory acceptance by commerce and industry. While it is not possible to state to what extent these various measures if introduced would meet the need, it is clear to the Committee that the vocational requirements of all categories will not be fully met by these means.

15. It is therefore the considered opinion of the Committee that a need exists for urban sheltered employment for that group of disabled soldiers who cannot be provided for on farms or in rural areas". (2)

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(1) See pp. 37-39 above.

(2) Kuschke committee report p. 4.

The committee considered the possibility of subsidising private employers to provide sheltered employment, but rejected this idea because it "felt that the danger of exploitation cannot be eliminated". (1) It, therefore, recommended that "sheltered workshops be administered by approved voluntary non-profit-making organisations, or by the State". (2) It held that the State had the primary responsibility both to "direct national policy in regard to sheltered employment and to finance individual workshops". (3) Where such workshops were established by voluntary agencies, the agencies should be paid a subsidy on the following basis : -

- (a) "Toward capital expenditure on approved buildings and equipment and such approved extensions as may be required from time to time, a grant, if necessary, up to 100% of cost.
- (b) Toward operating costs, subsidy to be paid in advance, based upon the approved estimates of the agency for the ensuing year, not exceeding the anticipated difference between the total operating costs and the income of the industry in that year, and shall be subject to adjustment, in accordance with this principle, upon the subsequent submission of audited financial statements to the controlling authority". (4)

The remainder of the report consists mainly of proposals for the administration and control of sheltered employment. Most of these proposals were eventually embodied in the regulations for Sheltered Employment which are discussed in the following chapters.

The report concludes with the following paragraph :

"The Committee is unable to report upon the financial implications of its proposals. Capital costs cannot be estimated until concrete projects have been submitted to the National Board for consideration. Furthermore, development will depend upon the response obtained from disabled ex-volunteers to the facilities offered. It is, however, anticipated that capital costs may reach the sum of £500,000, while maintenance costs will, if expansions takes place at a reasonable rate, approximate £100,000. per annum. (5)

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(1) Ibid, para. 17.

(2) Ibid, para. 18.

(3) Ibid, para. 19.

(4) Ibid, para. 22.

(5) Ibid, para. 54.

## 7. BIRTH OF THE URBAN SHELTERED EMPLOYMENT SCHEME

The Kuschke committee report was signed on 31st December, 1943. On 26th March 1945 a circular issued by the Director General of Demobilisation (Major-General Geo. E. Brink) informed the members of "Discharged Soldiers and Demobilisation Committees" that "there has recently been appointed a National Board for Sheltered Employment. This body is at present doing its best to bring the scheme of urban sheltered employment into operation with the least possible delay". (1)

During the intervening period large numbers of "unemployables" had accumulated in the dispersal depôts where their discharge from the Army was held up simply because it was impossible to find suitable civilian employment for them with the machinery at the disposal of the officers charged with that duty. This caused grave concern not only to the responsible authorities but also to the public. General Brink was particularly worried, and seems to have done everything within his power to hasten the establishment of sheltered employment centres to relieve the situation.

In May 1944 the Minister of Social Welfare and Demobilisation informed him that the Government had accepted in principle the recommendations of the Kuschke committee subject to the following conditions : -

- (a) that provision be made for the eventual extension of the scheme to non-veterans;
- (b) that it be the first duty of those concerned to place as many handicapped veterans as possible in ordinary employment.

The Minister added that the recommended basis for the subsidy would have to be reconsidered. This caused further delay - it was not until 9th September 1944 that the Treasury's approval for the subsidy was obtained. (It was finally approved in the form recommended by the Kuschke Committee).

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(1) U.G., Directorate of Demobilisation, D.S.D.C. Circular No. 17.

The Government's requirement that the scheme should eventually provide for non-veterans was, of course, no stumbling block in the way of an early start. The other requirement caused greater difficulty. Under Sec. 19 (1) of Act No. 40 of 1944 (which was assented to on 1st June 1944 but did not come into operation until 1st March 1945 (1)) the Minister of Labour was given power to

"determine the number or proportion of employees employed by any employer of a specified class in any specified industry and area, which shall consist of persons who have rendered military service or of persons who have rendered war service or of any specified class of such persons" (2)

The Minister could have used this power to compel all employers (of more than a specified number of employees) to maintain on their pay-rolls a stipulated proportion of veterans with certain types of handicaps. That he did not do so must be ascribed, in part, to considerations of the sort advanced by a spokesman of the gold mining industry in July 1945 :

"Special arrangements for the employment of sub-standard individuals are most easily made in industries employing large amounts of automatic plant and many routine processes. Plant can, if necessary, be designed in a large factory to accommodate workers who lack the use of certain limbs .... In South Africa (such) industries are not, as yet, established on a sufficiently large scale!"(3)

In addition, the Department of Labour - as has already been noted - was unable to undertake the scientific placement of the disabled in ordinary industry without employing specially trained, additional staff for the purpose, and such staff was not available.

Under the Demobilisation plan itself, if a disabled volunteer's disability prevented him from resuming his pre-enlistment employment, he could be given vocational training (and subsistence allowances during the period of training) for a new occupation suited to his disability.(4)

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- (1) Proclamation No. 25, 1945 (Department of Labour)
  - (2) Soldiers and War Workers Employment Act.
  - (3) A.J. Limebeer : "The Employment of the Partially Disabled considered as a Social Policy" published in S.A. Journal of Science Vol. XLII p. 84-99 (June 1946). Paper read 2nd July 1945.
  - (4) D. S. D. C. Circular No. 17.

This provision, together with the energetic measures taken by officials of the Department of Labour serving the Dispersal Depôts, and the assistance of numerous voluntary associations, (1) ensured that a large proportion of the war-disabled found their way into ordinary employment. In his circular dated 26th March 1945, the Director-General of Demobilisation claimed that this proportion was eighty-five per cent. (2) In a pamphlet issued later in the year by his directorate it was said of the remaining fifteen per cent that they

"can only be placed in the ordinary labour market if special efforts are made to find occupations suited to their disabilities .... Unfortunately this method of placing the disabled in employment has, as yet, not been highly developed in South Africa, and many disabled volunteers, who could be so placed, must be dealt with by means of sheltered employment schemes".

In other words, the Government's requirement that as many as possible of the handicapped be placed in ordinary employment was being met to the extent permitted by existing facilities for placement. The emphasis, thereafter, was placed on creating sheltered employment centres rather than on improving the facilities for scientific placement of the disabled in ordinary employment.

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(1) War blinded were trained and placed by St. Dunstons.

(2) D. S. D. C. Circular No. 17.

CHAPTER 5.

THE ADMINISTRATION OF THE URBAN SHELTERED EMPLOYMENT SCHEME  
FOR DISABLED EX-VOLUNTEERS

1. EX-SERVICEMEN'S INDUSTRIES (1)

While the Kuschke report was still receiving the Minister's consideration (2) the initiative was taken by the Navy War Fund, a voluntary association for promoting the welfare of servicemen. Early in 1944 representatives of the Fund had discussed with Sir Edward Thornton and others the possibility of the Fund sponsoring a sheltered employment scheme for handicapped veterans. Sir Edward encouraged them to proceed ; they could rely on the Government to meet a substantial proportion, at least, of the loss they expected to incur. With this assurance, the Fund decided on 3rd March 1944 to establish sheltered workshops, under the name Navy Fund Industries, at Johannesburg and Randfontein.

A strong committee (3) was set up for the purpose. The value of its members' business and social connections is indicated by the following extract from the minutes of their third meeting (11th May 1944) : -

"Through the generosity of Randfontein Gold Mining Estates, the following accommodation and equipment has been lent free of charge :

- (a) Four bedrooms ....
- (b) The factory, consisting of workroom, rest room, store room, office, scullery, with electric iron etc."

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- (1) This section has been compiled mainly from the minutes of meetings of (a) the Johannesburg local management committee and (b) the National Board for ex-Servicemen's Industries. These records were put at the author's disposal by Mr. F. Carruthers, the manager of E.S.I., Johannesburg, to whom the author is indebted for this and much other assistance. In addition the author had the pleasure of hearing Mr. C.M. Honey's reminiscences. Mr. Honey is now one of the Senior Instructors - he was the first handicapped worker engaged at the factory.
  - (2) See page 45 above.
  - (3) Members included leading representatives of South African mining and industry.

Despite this promising start, the Randfontein factory was to have a brief, unsatisfactory history. On the other hand, the Johannesburg branch - for which the Committee had arranged to hire premises in the main business area - was to become the doyen of the urban sheltered employment scheme.

Both factories opened in June 1944. By the 22nd of that month eleven handicapped veterans were employed on "arts and crafts" (1) at Johannesburg and three on rug-making at Randfontein. The committee was having difficulty in obtaining raw materials and tools. The little that was produced was being sold in the shop operated by the Navy War Fund, which greatly facilitated the exploitation of public sympathy with the war-disabled.

At this stage no provision was made for non-Europeans. Epileptics and alcoholics were excluded, probably because specialised institutions for their care already existed near Johannesburg. The committee had laid down that the men were to work an eight hour day, but did not attempt to enforce this as a minimum. (2) Wages varied according to the grade of efficiency of the worker on the following scale : -

Grade D	£3. 0. 0.	per week plus cost of living allowance							
" C	£3.10. 0.	"	"	"	"	"	"	"	"
" B	£4. 0. 0.	"	"	"	"	"	"	"	"
" A	£5. 0. 0.	"	"	"	"	"	"	"	"

In addition to supervising these two factories, the Committee attempted to stimulate interest in the scheme in other cities. The minutes of a meeting on 14th September 1944 show that their correspondents in Cape Town, Kimberley and Pietermaritzburg were trying to start branches of Navy Fund Industries in those centres, and the next meeting was informed that their parent association, The Navy War Fund, had decided to make grants of £1,500 each to Committees in Pietermaritzburg (where a workshop had already been opened), Cape Town and Kimberley.

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- (1) The main occupations were making/<sup>by</sup>hand sheepskin slippers and ladies' bags. The Committee was trying to obtain supplies of pewter for metal work. Mr. Honey says the atmosphere was that of an occupational therapy centre.
  - (2) Mr. Honey's recollection is that they worked four hours per day for the first week, and five for the second. After some months this was increased to six hours per day.

The Fund had ruled that the money was to be paid through the Johannesburg committee which was to act as national head-quarters for the scheme with control in matters of policy and finance over new branches.

It will be remembered that all of this work had been started after discussion with Sir Edward Thornton, Chairman of the official "National Readjustment Board for Disabled Soldiers". The Navy Fund Industry Committee now decided (10th October 1944) to ask the Government to implement Sir Edward's undertaking that their work would be subsidised. The minute of the resolution taken on this subject shows that they were willing to take far less than the Government had decided (only a month before) to give to approved sheltered employment schemes. (1) What they asked was merely sufficient to cover "rises in pay to men who worked to capacity and sick pay to men whose military disability necessitated their having days off".

This modest request was conveyed to the Prime Minister by a deputation. General Smuts expressed his interest in, and appreciation of the committee's work and asked the Secretary for Social Welfare to assist them. The latter promised to "put the case" to the newly formed National Board for Sheltered Employment which was expected to meet (apparently for the first time) on 9th November 1944. The deputation was not invited to meet the Board, nor does it appear that any suggestion was made that the Board might have anything to learn from Navy Fund Industries' experience. (2)

Representatives of the Board inspected the N.F.I. factory in Johannesburg on 23rd November 1944 and seem to have been favourably impressed. Within a few weeks the management committee was notified officially that its sheltered employment "project" had been "accepted" by the National Board for Sheltered Employment.

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(1) See page 45 above.

(2) It is, to say the least, just possible that a golden opportunity was lost. N.F.I.'s embryo organisation might well have been made the foundation of an adequate national scheme. A subsidy on the lines of that paid to the Civilian Blind Societies for their workshops would have been more than sufficient to meet the request of N.F.I. and could have been administered without the elaborate machinery of a National Board and a large Secretariat.



At about this time the name "Ex-Servicemen's Industries" was substituted for "Navy Fund Industries" so as to convey the "real purpose of providing sheltered employment for disabled soldiers". That within eighteen months the new name was borne by no fewer than seven (1) of the twelve sheltered employment factories then administered by the Board is an indication of the influence of the Navy War League on the development of the scheme.

2. OTHER VOLUNTARY ASSOCIATIONS, ETC., CONNECTED WITH THE URBAN SHELTERED EMPLOYMENT SCHEME

The League was by no means the only organisation which assisted the National Board for Sheltered Employment to launch factories. The Rand Epileptic Employment Association (2) and the Johannesburg Municipal Social Welfare Department (3) had been operating small schemes for some time. Arrangements were made with both of them to expand these schemes at Government expense for the benefit of handicapped veterans.

Each of the three leading associations of ex-servicemen accepted the invitation of the National Board to sponsor factories ; the S.A. Legion of the B.E.S.L. at Bloemfontein, the Memorable Order of Tin Hats at Pietersburg and the Springbok Legion at Cape Town. The South African Red Cross, the Victoria League and certain ad hoc associations were responsible for others. In all these cases, however, full financial responsibility appears to have been accepted by the Board from the start on the condition that the sponsoring body adhered to the Board's regulations. (4)

3. THE GROWTH OF THE SCHEME

Some particulars of the history of the individual factories are given in an appendix to this monograph. (5) For our present purposes

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(1) This despite the fact that the Randfontein factory was closed in April 1945. Its equipment was taken over by Ex-Servicemen's Industries, Johannesburg.

(2) See page 33 above.

(3) See page 35 above.

(4) The financial regulations are discussed in Chapter 9 below.

(5) Page A47 below.

it is sufficient to record that by the end of 1945 there were seven of them in existence. A year later the number had grown to fourteen, and it reached its peak in June 1947 when the sixteenth was opened. In addition there were two farm projects, operated respectively by the Rand Epileptic Employment Association and the Johannesburg Municipal Social Welfare Department, in the latter case as a subsidiary to the urban work-shop mentioned in the preceding section.

#### 4. THE COMMITTEE OF INQUIRY

The whole scheme fell under the Directorate of Demobilisation until 1st April 1948, when it was transferred to the Union Department of Social Welfare. (1) At the latter date there were 1,860 disabled employed in the 18 "projects". The Government had paid £920,120. 2. 3. (2) to the management committees of these projects by the way of subsidy. Of this amount, £645,500 had been used to meet the "running shortfall" on the projects' revenue accounts. Part of the balance had been invested in plant and equipment, and the remainder was held as working capital.

The running shortfall had been increasing steadily with the number of employees. In the year ended 31st March 1946, while the scheme was in its infancy, the shortfall had been just under £62,000. For the following year, with 960 employees, it was £221,655 ; and for the year ended 31st March 1948, with an average of 1,581 employees it had risen to £361,851. The Kuschke committee had expressed the opinion that maintenance costs would approximate £100,000 p.a. (3) It is not surprising that the Minister of Social Welfare appointed a Committee of Inquiry (the Williamson Committee) to investigate the scheme his department had inherited, nor that the Committee's report (4) was concerned mainly with means of reducing the cost thereof.

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(1) U.G. 34/1949 p.1.

(2) Ibid, p. 35.

(3) See page 44 above.

(4) U.G. 63/1949.

The Williamson report, which was signed on 12th April 1949, makes a convenient basis for a description of the scheme, not only because it dealt with the salient features observed by the committee during its inquiries, but also because its presentation constituted a turning point in the history of the development of the scheme. Following the path traced by the Committee, we shall be able to look back - as its members did - over the four years since the scheme started. We shall have the advantage over them of being able to look forward over the eighteen months that have elapsed since they did their work.

#### 5. THE NATIONAL BOARD FOR SHELTERED EMPLOYMENT

The (Williamson) Committee of Inquiry discovered that the scheme of Urban Sheltered Employment for disabled ex-volunteers of the 1939-1945 war was administered by the Secretary for Social Welfare, the ultimate responsibility vesting in the Minister for Social Welfare. The function of advising the Minister on matters of policy was performed by the National Board for Sheltered Employment, of which the Secretary for Social Welfare was the chairman. The members of the Board included representatives of the following : -

Associated Chambers of Commerce of S.A.,  
S.A. Federated Chamber of Industries,  
S.A. Trades & Labour Council,  
Cape Federation of Trades.

In addition, there were two nominees of the Minister, appointed to watch the interests of ex-Servicemen and of ex-Servicewomen respectively.

The remaining members were government officials : -

The Secretary for Health,  
The Under-Secretary to the Treasury,  
The Director of the Readjustment Services Division of  
the Department of Social Welfare,  
A representative of the Secretary for Labour (1)

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(1) The constitution of the Board, at this stage, followed very closely the recommendations of the Kuschke Committee.

The Williamson Committee expressed the opinion

"That whilst the continued existence of the National Board is desirable, its present composition is unwieldy and includes a number of persons whose function on the Board has now largely been fulfilled".

It recommended that the six non-official members be replaced by two nominees of the Minister "one of whom shall be an industrialist". The Chairman and the other official members (except the Secretary for Health) should remain on the Board, which should be enlarged by

"additional ad hoc members from other Government Departments as may be desirable from time to time".

The Minister, however, decided that the Board should consist of a maximum of twelve members, including a representative (each) of the S.A. Federated Chamber of Industries and of the Associated Chambers of Commerce, and other non-official members serving "in their personal capacities" as his nominees, as well as the official members.(1)

The Board operates by making recommendations to the Minister through the Secretary for Social Welfare and issues directives to the factories to implement the Minister's decisions. These directives, and routine letters to the factories, are signed by or on behalf of the Secretary for Social Welfare in his capacity as Chairman of the Board.

The Division of Readjustment Services of the Department of Social Welfare provides the secretariat to the National Board for Sheltered Employment. This Division came into existence on 1st April 1948 when the Department took over from the Directorate of Demobilisation responsibility for the "Urban Sheltered Employment" scheme, the administration of which remains the Division's main duty. (2)

The Division is headed by a Director who is a member of the Board, and an assistant-Director, who attends its meetings as his alternate.

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(1) Dept. of Social Welfare : "Notes on a meeting with representatives of the B.E.S.L. and the Management Committee of ex-Servicemen's Industries, Johannesburg, held at Kappie-Kommando Buildings, Pretoria, at 10 a.m. on 10.5.50". The S.A. Legion of the B.E.S.L. made strong representations to the Minister that both the Legion and the S.A. Trades & Labour Council should have the right to appoint a member of the Board

(2) U.G. 34/1939, p. 4.

Both of them make a practice of visiting the sheltered employment factories regularly. In addition, the factories are inspected annually, on behalf of the Board, by two other officials of the Division, the Technical Inspector and the Inspector of Accounts, or by their respective assistants.

The Williamson Committee considered that it would be necessary to increase (by one post) the technical inspection staff to improve the liaison between the Board and the factories if the latter were to be directly controlled by the Department of Social Welfare.

#### 6. THE MANAGEMENT COMMITTEES

The Williamson Committee observed that local "Advisory Committees" had originally provided liaison between the factories and the National Board. They had consisted of representatives of the Departments of Labour and of Social Welfare, of the Chambers of Commerce and of Industries, of the Trade Union movement and of the Discharged Soldiers Demobilisation Committees. The Advisory Committees had, however, ceased to function.

As we have seen, the factories had originally been organised by voluntary organisations interested in the welfare of members of the armed services. They had undertaken this responsibility at the invitation of the Government after entering into agreement with the Director General of Demobilisation that they would "conduct the sheltered employment project(s) in accordance with the Board's policy and .... conform to such rules and regulations as the Board may issue from time to time in order to give effect to its policy". (1)

Each voluntary organisation had appointed a Management Committee to administer the factory for which it had undertaken responsibility. The Williamson Committee recorded that "many of the management committees have been of inestimable value to the State. It is clear that many members have given readily of their time, energy and experience without which the progress achieved thus far could have never been accomplished" (2)

(1) U.G. 63/1949, Para. 12.

(2) Ibid, para. 16.

On the other hand, the inquiry had revealed

"considerable evidence of lack of understanding of the aim of sheltered employment which is that of normalising a handicapped person within the framework of the sheltered employment scheme. Many Management Committees have embarrassed the managers of the factories by disregarding the instructions of the Board and directing managers to comply with instructions not in accordance with the policy of the Board ; some of the committees have not always complied with the spirit of the agreement to which they were party.

We found the evidence in favour of the discontinuance of management committees most weighty. Some of the management committees themselves gave evidence to the effect that they felt that the time had arrived for them to cease functioning in managerial capacities with administrative and executive power". (1)

The Williamson Committee accepted this evidence and recommended that the Management Committees be converted into local advisory committees "without administrative or executive power in any direction whatever".(2) The staff of the factories should be appointed to the Public Service and come under the direct control of the Department of Social Welfare (3)

The Minister, however, in this matter as in the question of the composition of the Board appears to have been less impressed than his Committee by the virtues of bureaucratic centralisation. He directed that the Management Committees be asked to continue in office at least until the end of 1950 and the acting Director of Readjustment Services informed representatives of the S.A. Legion of the B.E.S.L. on 10th May 1950 that they should "work on the assumption that the Management Committees would remain in office indefinitely".(4) At the time of writing these committees continue to exercise their powers under the agreements between their parent voluntary organisations and the Government. (5)

These powers are not inconsiderable and provide much scope for local initiative. In general the regulations of the Board tend to set upper limits to the expenditure of Government funds that may be incurred

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(1) Ibid, paras. 14, 15.

(2) Ibid, para. 17.

(3) Ibid, para. 20.

(4) Dept. of Social Welfare : "Notes on a meeting .... held on 10.5.50".

(5) Copy of the form of agreement will be found in Appendix G below.

by the Management Committees, and to establish the principles that must be observed in incurring such expenditure. The Management Committees, with certain qualifications which will appear later, exercise their own discretion in purchasing raw material, in organising its conversion into finished goods and in selling the output. They appoint the staff of the factories on establishment tables determined by the Board and exercise disciplinary powers over employees.

The Kuschke Committee (December 1943) considered that

"to ensure the enthusiastic coöperation of the public and to place administration of the project on a proper basis, representation should be accorded to those most intimately concerned in making the project a success, and to persons of business experience. (1)

In practice it has been left to the parent voluntary organisations to determine the composition of the individual management committees. Many, but not all of them, have secured the services of men who have demonstrated their business capacity by the successful management of private industrial undertakings. In general, however, there must be a tendency to elect those who show the most active interest in the welfare of ex-servicemen, and successful business men seem less likely than, for example retired regular army officers to have the leisure to display such an interest.

The National Board has the right to appoint "one or two, but not more than two" members of the management committee. (2) In practice this means that the local representative of the Secretary for Social Welfare usually serves on the management committee. The author is aware of one instance where, because the management committee meetings are held at night, this official does not attend them but contents himself with obtaining a copy of the minutes of the meetings.

## 7. FACTORY MANAGERS (3)

The extent to which each committee delegates its powers to the

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- (1) U.G. "Committee Report on Urban Sheltered Employment for Disabled ex-Volunteers." 1943.
  - (2) National Board for Sheltered Employment : "Memorandum on Sheltered Employment", 1947.
  - (3) The author must place on record that he has been the manager of a Sheltered Employment factory for over three years.

manager of the factory varies from factory to factory. At one the manager may be little more than the mouthpiece of the committee - at another delegation may be almost complete, the committee retaining only the right to dismiss the manager if his stewardship is not fruitful.(1)

The appointment of a manager is at the unfettered discretion of the management committee provided that the appointment is made on the commencing notch of the salary scale approved by the Board, and the regulations stipulate only that

"In making staff appointments due consideration will be given to : -

- (i) the qualifications and experience of the applicants,
- (ii) their sympathy with and understanding of disabled ex-volunteers. For this reason other things being equal, preference will normally be given to ex-volunteer applicants". (2)

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- (1) Para. 9 of the Board's "Memorandum on Sheltered Employment" issued in 1947 reads as follows : -

"Management Committees will exercise full authority in the administration and conduct of their projects, provided the exercise of such authority conforms with the financial instructions which the Board is obliged to issue as a method of control where Government funds are involved, and with such rules and regulations which the Board may issue from time to time. With a view to efficiency, it is indicated that a Management committee should give the manager of a project a free hand in conducting the project without undue or unnecessary interference in his duties by the Management committee or by individual members of that committee. The Management committee should restrict its interest in the project to the determination of domestic policy and to the exercise of general supervision to ensure that its policy is being carried out. If a manager, in the opinion of the Management committee, proves to be incapable of undertaking the responsibilities of the post, his services should be dispensed with and a manager appointed who is capable of exercising these functions". (Author's underlining)

It has, however, been the author's experience that there is a wide variation between the interpretations of this provision by different management committees. At some factories the Chairman is a regular weekly visitor and other members are frequently seen. At others a year may pass without any member of the committee seeing the factory during working hours.

- (2) National Board for Sheltered Employment : "Memorandum on Sheltered Employment" 1947, p.27.



The approved salary scale (excluding temporary cost of living allowance which is paid on the same basis as in the Public Service) for the manager of a factory with 100 or more sheltered employees, at the time of the Williamson Committee's inquiry, was £650 x 25 - £750 x 25 - £800. In the smaller factories it was £600 x 25 - £700. The posts lack the advantages of Public Service appointments - security of tenure and the employers' contribution to a pension fund - but share with them the disadvantages of offering no special rewards for enterprise.

The problems of managing a sheltered employment factory include the problems of managing a similar "open" factory.(1) We have seen that the method of appointing members of management committees does not necessarily ensure that business acumen is strongly represented thereon, and that the Board does not use its powers of appointing two members of each management committee to ensure that any deficiency in this respect will be adjusted. Furthermore, the degree to which the management committee is expected to exercise active supervision over the factory's affairs tends towards the not uncommon pattern in the conduct of the affairs of ordinary companies, in which the powers of the Board of Directors are delegated almost completely to the Managing Director.

Under these circumstances it is not surprising that one member of the Williamson Committee of Inquiry, who was himself the Managing Director of a large and apparently flourishing manufacturing company, should make the following comment : -

"of all the /Sheltered Employment/ factories that I visited, there were only one or two which in any way approached my idea of what a factory should be .... the managers are not equal to the task and the management is ineffective, which may be largely due to a lack of incentive and a knowledge that greater losses do not endanger their continuance in service". (2)

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- (1) Certain financial problems which arise in open industry do not affect the management of sheltered employment factories. There are, however, additional problems in sheltered employment which do not arise on ordinary industry.
  - (2) Memorandum by Mr. A.E.Rupert, Appendix VII to the report of the Committee of Inquiry into Sheltered Employment - U.G.63/1949, p.28 Mr. Rupert mentioned two other reasons for the general inefficiency of the scheme from a business point of view. These will be discussed later. (pp.A15,16)

The Williamson Committee as a whole, however, seems to have assigned less weight to these considerations of incentive. It advocated that the managers of the factories be appointed to the general division of the Public Service (1) on the following scales of pay : -

- i. In Grade A factories, i.e. those with 100 or more sheltered employees, £720 x 30 - £840.
- ii. In Grade B factories, i.e. those with less than 100 sheltered employees, £600 x 30 - £720.

The Committee's deliberations on these matters are recorded in paragraphs 22 and 23 of its report, which read as follows :

"22. We gave consideration to the duties and the responsibilities of managers of the factories, some of which employ as many as 340 sheltered employees, and had regard to the qualities of personality, leadership and organising ability which should be sought in persons occupying these positions. It was also considered that managers should possess some technical experience ....

23. In seeking comparable posts in the Public Service we are of the opinion that the posts of managers of factories can be said to be on a par with the posts of Government Garage Managers in the Department of Transport. These managers are of several grades, the two top ones being £780 x 30 - £900 and £660 x 30 - £780, the grading depending on the size of the garage and the responsibilities attached to the post" (2)

The part of the recommendation which would have given the staff of sheltered employment factories the advantages that accompany appointment to the Public Service hinged on the Committee's previous recommendation that the management committees be shorn of their powers and the staff brought under the direct control of the Department of Social Welfare. As we have seen, this had not yet been accepted by the Minister. The new salary scales have been adopted ; but in other respects the pattern of management of the factories has not yet been changed materially.

That considerable space has been devoted to this matter is due to the author's conviction that the costs of sheltered employment will not be reduced to their minimum until a relationship between the National Board and the local management has been evolved which ensures that qualities of business acumen are applied to the management of the factories to a far greater extent than has hitherto been the case.

(1) In common with the other members of the staff.

(2) U.G. 63/1949, p.3. The validity of the comparison with Government Garages is open to criticism.

It will be necessary to return to this subject later.

## 8. INSTRUCTORS

Under the regulations for sheltered employment those members of the staff responsible to the manager for the direct supervision of technical productive operations are known as instructors. This designation was the natural one when the factories were opened. It is exceptional to find a sheltered employee who had any experience or formal instruction in his occupation before he was admitted to sheltered employment. To remedy this position was the main task of the technical staff of the factories for the first year or two.

When a cadre of semi-skilled operators had been established in each trade conducted in the factory, (1) the instructor's duties tended to approximate to those of a foreman or sub-foreman in an ordinary factory. Where a high degree of skill is required, it has not yet been possible in all instances to train sheltered employees to take the place of the instructors functioning as artisans. An instructor may, therefore, be called upon to combine the functions of supervisor and occasional operator. In certain cases, (2) he may even be employed as an artisan only, i.e. he may be so fully occupied in performing a particular operation that he cannot be used in any additional capacity, whether as teacher (except by example) or as supervisor.

The Williamson Committee considered

"that instructors should have had artisan training and in general should have the same qualities as managers, so that eventually they may be capable of becoming managers". (3)

They were satisfied that the existing rates of pay for instructional staff were reasonable and adequate ("comparable with the wages paid to experienced artisans in normal industry" (4)) and recommended that they be unchanged.

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(1) The multiplicity of unconnected trades conducted in many of the factories is discussed below, page 96.

(2) e.g. Spindle-hand and saw doctor in wood machining.

(3) U.G. 63/1949, para. 25.

(4) Ibid.

The rates (1) were (and still are) as follows : -

Native Instructor:	£168 x £8 - £192
Coloured Instructor:	£252 x £12 - £360
European Female Instructor:	£336 x £16 - £384
European Male Instructor:	£420 x £20 - £480
European Male Senior Instructor:	£500 x £25 - £600
European Male Instructor-in-Charge:	£600 x £25 - £650

It will be noted that they are differentiated according to the race (2) and sex of the individual, but not according to the nature of the trade. Whether the posts of Senior Instructor and Instructor-in-Charge are included in the establishment of a particular factory, as well as the number of such posts and of instructors, depends on the number of sheltered employees and on the number of occupations. The scale of the establishment is determined by the National Board after hearing the views of the Management Committee.

#### 9. ADMINISTRATIVE STAFF

The "establishment table" for administrative staff is determined in the same way. It may include one or more of each of the following posts (salary scales quoted are those in operation at the time of writing - they were adopted on the recommendation of the Williamson Committee):-

i. Senior Clerk, Male:	£500 x £25 - £600
ii. Clerk, Grade 1, Male:	£360 x £25 - £460
iii. Clerk, Grade 11, Male:	£300 x £20 - £360
iv. Clerk, Female:	£200 x £20 - £360
v. Welfare Officers :	As approved for Grade 11 Social Welfare Officers in the Public Service.
vi. Storekeepers:	£300 x £20 - £360

The salary scales apply to Europeans only. If it were desired to appoint a non-European, the Board would probably consent provided that the scale

- (1) The figures quoted exclude c.o.l.a. which varies from time to time and is paid on the same basis as in the Public Service. The basis is explained in Appendix H below.
- (2) This is in accordance with the established practice of the Union Government. It conflicts, however, with the practice in those industries in which coloureds are admitted to artisan status, e.g. cabinet making in the Cape. As the European instructor's wage is comparable with that of the artisan in industry, the coloured instructor's is considerably lower. In such cases suitable coloured instructors can seldom be engaged.

were reduced according the Government practice. On one occasion in the past the ruling was given that a particular Coloured clerk could be appointed at three-fifths of the European scale for the post.

#### 10. MEDICAL OFFICERS

In addition to the full-time staff, each factory has the part-time services of a District Surgeon. He visits the factory once or twice a week to hold what the Army calls "sick parades". He also visits sheltered employees at their homes if he is informed that they are prevented by illness from attending at the factory.

The factory accounts bear no charge for this service, which is provided by the Union Department of Health.

#### 11. PLACEMENT COMMITTEES

One of the duties of the District Surgeon is to service on the local "Placement Committee", the other members of which are a representative (each) of the local officers of the Departments of Labour and of Social Welfare. This committee usually meets once per week to consider applications for admission to sheltered employment. The rules it applies are discussed in the following chapter.

CHAPTER 6.

GENERAL CONDITIONS (OTHER THAN WAGES) OF EMPLOYMENT OF  
DISABLED IN URBAN SHELTERED EMPLOYMENT.

1 ELIGIBILITY FOR SHELTERED EMPLOYMENT

At the time of the Williamson Committee's inquiry, urban sheltered employment was open only to veterans of the 1939-1945 war. (1) The "criteria of eligibility for admission" to the scheme were described by the Committee as follows :

- (a) "the candidate must suffer from a clearly defined physical or mental disability, regardless of how or when the disability arose ;
- (b) he must, as a result of his disability, be unable to undertake or retain work under the competitive conditions obtaining in the ordinary labour market ;
- (c) he must, nevertheless, be able to undertake worthwhile remunerative employment under sheltered conditions where due regard is given to his disability and where work is under more or less regular medical supervision". (2)

As we have already seen, (3) all applicants for sheltered employment are interviewed by the local Placement Committee, which consists of a District Surgeon, an Employment Officer of the Department of Labour and an officer of the Department of Social Welfare. The District Surgeon usually has no great difficulty in satisfying himself that an applicant does or does not suffer from a particular pathological condition. His problem at a meeting of the Placement Committee, however, is not merely to make a diagnosis, but to decide whether he can justifiably sign the following certificate : -

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- (1) Under the "Regulations for Sheltered Employment" (D.G.D. 5/11/47) it was laid down that "ex-volunteers" included any persons who had served during the 1939-1945 war in (a) whole-time units of the U.D.F., (b) the Essential Services Protection Corps, (c) the Merchant Navy - provided the candidate was a Union National, (d) the armed forces of any of the allies - provided the candidate was a Union National - Regulations, 1947, p.8.
  - (2) U.G. 63/1949, p.4.
  - (3) Page 63 above.

"Having examined the above volunteer/ex-volunteer, I am of opinion that his disability will prevent him from securing employment in the open competitive (1) labour market, or, if he obtains such employment, that it will prevent him from retaining it ; but I do not regard his disability as so severe that it will incapacitate him from performing remunerative employment in an urban sheltered employment project, where due regard will be given to his disability and where he can be given work suited to his disability". (2)

The Employment Officer is required to sign a similar certificate, worded as follows : -

"I certify that it is impossible, in consequence of his disability to place the above volunteer/ex-volunteer in suitable employment in the ordinary labour market. I am of opinion that he will be a suitable candidate for sheltered employment". (3)

Each of these certificates contains two distinct statements : first, that because of his disability the applicant cannot hold ordinary employment, and second, that he had a certain capacity for work under sheltered conditions. The implications of the latter are considered in the next section of this chapter (page 67 below).

The first statement, itself, consists of two parts : (a) that the candidate cannot obtain or hold employment and (b) that this is a consequence of his disability. The Employment Officer is well qualified to attest to the accuracy of the first part, since his normal function in his own Department is to find work for those who are unemployed. It should be noted that he certifies that it is impossible to place the applicant in "suitable" employment, not "any" employment. The inclusion of the word "suitable" serves as a reminder of the promise made during the war that no volunteer would be discharged until employment had been found for him on terms "not less favourable" than those on which he was employed immediately before he enlisted. It may be regarded as justifying the Employment Officer in not attempting to place the applicant in

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- (1) At this stage, the author prefers to ignore the question whether a reasonably intelligent, energetic, one-armed man, for example, would have any difficulty in finding and holding ordinary employment in a competitive labour market. Under existing conditions the Placement Committee would not hesitate to admit such a man to urban sheltered employment. Whether this action would be appropriate in a competitive society will be considered in Chapter 13. It is, of course, evident that the word "competitive" is used in the certificate merely in the meaning "non-sheltered".
  - (2) Regulations for Sheltered Employment issued by D.G.D.5/11/47, App. 2, p.2.
  - (3) Ibid, App. 2, p.1.

ordinary employment at less than standard wages, and as justifying the applicant in refusing non-sheltered work of a sort which he regards as derogatory to his status.

That either the Employment Officer or the District Surgeon should certify for every admission to sheltered employment that the obstacle to the applicant's ordinary employment is simply his disability is an oversimplification of the facts. There are thousands of men holding "Non-sheltered" positions in industry, trade and the professions who prove daily that there is no single disability, or combination of disabilities, which necessarily constitutes a bar to ordinary employment, except some of those which are so severe that they would also be a bar to urban sheltered employment (as it is at present conducted in South Africa, at any rate). In fact neither of the certificates can be taken at its face value. That part of each which refers to placement in ordinary employment must be regarded as qualified in the following ways : -

1. The difficulty ("impossibility" is too strong a word) in placing the applicant is due partly to the inadequacy of the placement technique of the Department of Labour, to which we have previously referred (pages 40 and 47 above), and to the general state of the labour market.
2. For the remainder, it is due not to the "clearly defined physical or mental disability" alone, but to the conjunction of that disability with other factors - the social "background" of the applicant, his general education, and in most cases his lack of that personal quality to which Professor Alfred Marshall alluded in the following passage :-

"Energy of this kind .... is moral rather than physical ; but yet it depends on the physical condition of nervous strength. This strength of the man himself, this resolution, energy and self-mastery, or in short this 'vigour' is the source of all progress". (1)

This discussion has brought us to the fundamental questions about sheltered employment ; Is it ever justified ; and, if so, under what circumstances and for whom? It is desirable to postpone full consideration of them until the descriptive portion of this monograph has been completed.

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(1) Marshall : Principles of Economics, 8th Edition, p. 194.



2. "WORTHWHILE REMUNERATIVE EMPLOYMENT".

Some paragraphs back, we left the District Surgeon facing the problem of deciding whether the applicant was so severely disabled as to be incapacitated for "remunerative employment in an urban sheltered employment project". In the early days of the scheme he had nothing to guide him, provided the candidate was not completely bed-ridden. The Kuschke report (1) of 1943, according to the Regulations for Sheltered Employment, "lays down the policy and the general principles" under which the scheme should be conducted, (2) but it has only the following paragraphs on this subject :

"28. The Committee is of opinion that sheltered employment should be available to disabled ex-volunteers (whether pensionable or not) who, owing to their disability cannot be placed in an occupation in the open labour market, but who are nevertheless capable of worthwhile employment under sheltered conditions.

29. The words 'capable of worthwhile employment' refer to the residual ability of a disabled person to undertake employment. It is visualised that certain classes of disabled ex-volunteers will be unsuitable, by reason of their disabilities, to undertake employment even under sheltered conditions.

30. The term 'sheltered' is used in a social and not an economic sense. 'Sheltered' refers to the conditions maintained at the workshops to enable a disabled person to be employed despite his handicap. This may in individual cases involve, for instance, shorter hours of work".

In the Regulations for Sheltered Employment, issued in 1947, it is laid down that an otherwise suitable candidate is to be accepted for sheltered employment provided that he "is able to do worthwhile remunerative employment under sheltered conditions". After explaining that although neither old age nor inebriacy come within the definition of disablement, they are not positive disqualifications (3) when accompanied by "specific physical or mental" disabilities, the regulations continue as follows :-

"18. It is not considered desirable to give a precise definition of the term 'worthwhile remunerative employment', but rather to leave it to Management and Placement Committees to give a common-sense interpretation of the term, having regard to the following considerations :

(a) The aim of sheltered employment is to foster the self-respect and sense of independence of a disabled ex-volunteer and to give content to

- (1) "Committee Report on Urban Sheltered Employment for Disabled ex-Volunteers" 31/12/1943.
- (2) Regulations, 1947, p.1.
- (3) An age limit has recently been introduced - see Section 3 of this chapter.

his life by providing him with employment and wages. If his disability is of a serious nature, more especially if it was sustained as a direct result of his war service, and if he gives of his best, his capacity for remunerative employment should not be judged merely in economic terms. (1)

- (b) Sheltered employment should not be a haven for the indolent, the lazy and the won't-works. If these factors reduce, or substantially reduce, the employee's productivity, he should be regarded as unsuitable for sheltered employment.
- (c) Some employees may be incapable of worthwhile remunerative employment owing to innate intellectual inferiority.
- (d) In spite of what has been said in (a) it should be pointed out that sheltered employment is not intended for those who are totally incapacitated for any work whatsoever. These projects are work projects, and not expedients for providing permanent care for the totally incapacitated. In other words, although it is desired to be liberal to the seriously disabled, there is a stage of incapacity beyond which it is not possible to retain them in sheltered employment".

The rule of "common-sense" lasted just three months longer. On 8th March 1948 the National Board for Sheltered Employment informed the factories and Placement Committees that "the time had now arrived for a more precise definition of the term worthwhile remunerative work" and gave the following ruling :

"An employee shall not be considered eligible for admission to or retention in sheltered employment if his assessed productivity was less than 25% of his basic wage, exclusive of the cost of living allowance.(2) In arriving at this assessment, which will be the function of the manager in consultation with the instructor concerned, and after report to the Management Committee, regard will be had to the subjective judgement of the capacity and output of the individual. Where possible, by means of job cards and records, such productivity shall be directly assessed. For obvious reasons, it might not always be possible to place a direct monetary value on the weekly output of the employee. (3)

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- (1) (Author's underlining). It seems impossible to conceive a criterion for remunerative employment in non-economic terms.
  - (2) Since the efficiency of organisation, degree of mechanisation, and the suitability of the accommodation in the different factories all vary considerably, the strict application of this rule should have resulted in the discharge of a higher proportion of the employees in the less efficient, etc., factories than in others. In other words, some employees would be penalised for the shortcomings of those responsible for the technological circumstances of their employment being relatively unsuitable for their purpose.
  - (3) This is a meiosis. Production is almost always a team effort, and the special circumstances of sheltered employment rule out experimental study of the effect on output of changes in the number of employees.

candidate and someone of similar characteristics whom he knows is working satisfactorily in sheltered employment, or has been discharged under this ruling, as the case may be. In addition, he should withhold the certificate if he diagnoses that the candidate's condition is such that he is likely either (a) to endanger himself or others if he is employed in any of the particular occupations open to him in sheltered employment in that area, or (b) to require, because of ill-health, more than about six weeks sick-leave per year, or (c) to deteriorate very rapidly in health despite the advantages of regular medical attention and the other conditions of sheltered employment. From his own knowledge of the factory or factories in his area, he may be aware that there are no vacancies at the time in the particular occupations in which men can be employed on sedentary work ; he will then withhold the certificate from an applicant who is unable to stand at his work all day. In general, chairbound - and a fortiori, home-bound - applicants would be turned down.(1)

To all intents and purposes, the District Surgeon and the Placement Committee are still endeavouring to give a "common-sense interpretation of the term worthwhile remunerative employment", as they were required to do under the 1947 regulations. The difference is that they now set a higher standard in judging the capacity that will be "worthwhile".

In trying to apply this rule to the men already working in the factory which he manages, the author adopts the following system. In consultation with the instructor who supervises each of the "shops" he lists the men working in the shop in their approximate order of "merit" taking account of such qualities as

- (a) apparent willingness to work.
- (b) standard of general behaviour,
- (c) aptitude for the work of the shop,
- (d) work stamina.

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(1) There are no facilities for the employment of the chair-bound in the South African factories, though they are a feature of similar factories elsewhere (e.g. Haven Products - see page 119 below). There are no home-work schemes administered by the S.A. Urban Sheltered Employment centres. Those who are excluded from the benefits of the scheme because of the lack of those facilities are eligible for either Military Disablement or War Veterans' pensions, if they are ex-soldiers, or disability grants, if they are not.

Generally speaking, by the time that it is possible to be reasonably sure that an individual is "work-shy", he has had several warnings and minor punishments for loafing. Similarly, if his general behaviour is such that he is a nuisance in the shop, many attempts will have been made to reform him before he is given a final black mark on this account. The "work-shy" and the "nuisances" may suffer from mental disabilities which cause this behaviour, so the District Surgeon's advice is sought. Almost invariably the District Surgeon finds there is nothing that he can do with the facilities at his disposal to cure the condition, if it exists. These men are then discharged.

Those who show little aptitude for the work of one shop may be given a trial in another. In due course it becomes apparent that further trials are useless. There is a limited number of jobs (sweepers, etc.) in the factory for which no special aptitude is required. If there happens to be a job of this sort vacant, or filled by a man who seems less deserving than the one under consideration, he is put to that work. If this course is not practicable his name is entered at or near the bottom of the list for the "shop" in which he is least unsuitably employed.

Similarly, those who appear to have insufficient stamina for the work in one shop may be transferred to another where less physical effort is required. Eventually the weakest are measured by their capacity to perform the lightest jobs available. An attempt is made to place them in their appropriate positions on the list for the shop.

Taking due regard of the necessity to maintain a balance between the shops, an attempt is made to assess the optimum number of employees in each shop. (1) If this number is less than the number actually employed there, those who form the excess at the bottom of the list are discharged. If it is known that there are a large number of suitable applicants awaiting sheltered employment, additional men at the bottom of each list are discharged so as to create vacancies for some new men.

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(1) The factory produces furniture. It is organised into three main "shops", viz. machining, assembling, and finishing. A certain number of men are required to serve the machines, to produce a certain pattern of output. Once this number has been established, the problem is to assess the number of men required in each of the other "shops" to handle the output of the machine shop without creating a bottle-neck.

There is no provision for alternative arrangements to rehabilitate men discharged from sheltered employment under this regulation.

3. ADDITIONAL RESTRICTIONS ON ADMISSION TO SHELTERED EMPLOYMENT

On the recommendation of the Williamson Committee, two new rules for the guidance of Placement Committees were introduced on 14th November 1949. (1) Previously, candidates for sheltered employment might be accepted by a majority vote of the committee. Since both the District Surgeon and the Employment Officer were required to sign certificates without both of which the candidate could not be accepted, this meant that together they could over-rule the representative of the Department of Social Welfare, but neither of them could be over-ruled by a combination of the other two. The Board now stipulated that "only on the unanimous approval of the Placement Committee shall a candidate be considered eligible for entry to a sheltered employment factory". (2)

An age limit for sheltered employees was also imposed. The Board ruled that "normally the age of discharge shall be 60 years, although this may be extended to 65 in exceptional cases where sheltered employees of over 60 years of age are considered to be distinct assets to the factories". (3) The Placement Committees were instructed to take account of this ruling and that "due regard should be had to the necessity for an employee to be able to give some six or seven years of useful productive service before being discharged from sheltered employment". (4)

4. DISCHARGE ON MEDICAL GROUNDS

The Kuschke Committee had established the principle that sheltered employees should be discharged if their health either improved or deteriorated beyond the limits prescribed. They pointed out that it would not "be in keeping with the aims and objects of a sheltered work-shop" to

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(1) Department of Social Welfare Circular SWH 100/1 of 14/11/49.

(2) Ibid, para. 3 (b) (i)

(3) Ibid, para. 4.

(4) Ibid, para. 3. (c).

retain on strength employees who had recovered "sufficiently physically or mentally to re-enter the open labour market" even though they wished to remain at the workshop. (1) On the other hand an employee "who is persistently sick" may not be "capable of the minimum of worth-while employment". (2) To ensure that employees falling into either of these categories were discharged, the District Surgeon in attendance at the factory was required, before the appointment of the Williamson Committee, to conduct a medical examination of every employee at least once a year. On the latter Committee's recommendation (3) these examinations are now to take place half-yearly, (4) and the procedure for effecting discharges in consequence of these examinations has been revised drastically.

Previously an employee who had been found fit to enter ordinary employment was not required to leave sheltered employment until other work had been found for him by the Employment Officer of the Department of Labour. Under these circumstances, such men frequently made little personal effort to assist the Employment Officers. The Board, therefore, ruled that

"after having been found fit for the open labour market, employees should be given one month in which to find employment. They should thereafter be discharged from the factory whether or not they have been so placed. This instruction is given on the assumption that the services of the employment bureaux of the Department of Labour are placed at the disposal of such work-seekers during the month at their disposal, as well as thereafter". (5)

The general rule, in the opposite case, had been that an employee found unfit for sheltered employment should not be required to leave until the District Readjustment Officer (6) had "made other suitable provision for him", "such as a war veteran's pension and the consequential grants under the Children's Act, placement in a settlement for the unfit, a chronic sick home or a mental hospital or other similar measures".

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- (1) "Committee Report on Urban Sheltered Employment", 31/12/43, para. 33.
  - (2) Ibid, para. 49.
  - (3) U.G. 63/1949, para. 34.
  - (4) Department of Social Welfare Circular SWH 100/1 of 14/2/50.
  - (5) Department of Social Welfare Circular SWH 100/1 of 14/11/49, para. 5.
  - (6) The D.R.O. was a local officer of the Directorate of Demobilisation. His functions were taken over by the local Social Welfare Officers when the Directorate closed.

Until these arrangements had been made, the employee was to be "kept on strength of the project, drawing sick pay if he cannot work". (1) The Williamson Committee found that the administrative delay in discharging an employee to a war veteran's pension (the usual procedure in these cases) amounted to as much as six months from the date the employee was found unfit for sheltered employment. "Evidence was led to show that the loss to the sheltered employment factories on account of this (delay) amounted in certain instances to upwards of £3,000 a year for one factory". (2) The Committee suggested that the Commissioner of Pensions be asked to endeavour to accelerate the awards of pensions to those applicants who were awaiting discharge from sheltered employment (3).

5. SICK LEAVE

Of more direct effect in reducing expense to the factories was the reduction in the period of sick leave to which an employee is entitled. On the Kuschke Committee's recommendation, the provisions for blind workers in workshops subsidised under the Blind Persons Act (No. 11 of 1936) had hitherto been applied to urban sheltered employees. Under these provisions they were entitled to 120 days sick leave on full pay and 120 days on half pay in each cycle of three years. (4) The Williamson Committee "after very careful consideration and having in mind that dispensation may be given in individual cases considered on their merits" recommended, and the Board subsequently ruled, (5) that the provision for sick leave be reduced to 21 days on full pay and 21 days on half pay, in each year, and that this "leave shall not be cumulative but will lapse at the end of each cycle of 12 months".

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(1) Regulations for Sheltered Employment, 1947, para. 48.

(2) U.G. 63/1939, para.41.

(3) Ibid.

(4) Committee Report on Urban Sheltered Employment, 31/12/43, para.47.

(5) U.G. 63/1949, para 47; and Department of Social Welfare Circular SWH 100/1 of 14/11/49.

On the application of the manager of a factory, the Board may authorise sick leave to be extended in special circumstances.(1) Unless the manager makes such an application, the maximum period for which an employee may draw sick pay while awaiting discharge to a war veteran's pension after being declared medically unfit for sheltered employment has been reduced from eight months to six weeks.

6. DISMISSAL ON DISCIPLINARY GROUNDS

Under the regulations, the managers of sheltered employment factories have no power to dismiss employees for misbehaviour. They are, however, entitled to "suspend" an employee until his case can be considered by the Management Committee. The latter have discretion to convert the "suspension" to dismissal "in extreme cases of refractory behaviour", but the employee has the right of appeal to the National Board for Sheltered Employment. In the rare event of the Board upholding the appeal it may direct that the employee be reinstated and paid full wages for the period of absence from the factory. The Board justifies this limitation of the powers of the managers on the grounds that

"Sheltered employment projects are not only intended as expedients for providing employment ; they should serve the wider aim of readjustment generally, and .... they will not infrequently serve as a means of treatment for the mental and nervous cases. It is for this reason that the staff should exercise patience and show understanding". (2)

The report of the Williamson Committee on this point recognises that "the question of dismissal of employees is closely bound up with the question of discipline in the factories" and with the "marked lack of interest on the part of workers" which the Committee found in some factories. Nevertheless, neither the Williamson Committee's recommendation, nor the ruling subsequently adopted by the Board, make any specific change in the answer to "the question of dismissal of employees".

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(1) Department of Social Welfare SWH 100/1 of 14/11/49, para. 9.

(2) Regulations for Sheltered Employment, 1947, para. 47.



They read as follows (the ruling is in the same words as the recommendation) : -

"more specific power should be given to managers of factories in their control of the employees. It is thought that managers should be encouraged to make fuller use of their right to inflict stoppages of pay for general misbehaviour, drunkenness, insubordination and the like. This would be achieved not by means of fines but by means of suspension from work of the refractory employee for a number of days to be determined by the merits of the case by the manager himself : during such suspension pay would be stopped ". (1)

The Board seems to have been apprehensive of the possible effects on managers of this "encouragement", for it introduced a brand new limitation on their powers by adding, as a rider to this ruling : -

"Except in cases of drunkenness, insubordination or similarly urgent circumstances, suspension will be after consultation with the Social Welfare Officer. All cases of suspension will be reported to the Social Welfare Officer".

The Headquarters Relief Committee of the S.A. Legion of the B.E.S.L. evidently felt even more apprehensive than the Board. After consulting all branches of the Legion in areas where sheltered employment factories are situated, they decided to oppose the suggestion that any additional disciplinary power be given to managers (2) When their representatives, together with representatives of one of the management committees, discussed this matter with the acting Director of Readjustment Services, they agreed to drop their opposition only after the latter had pointed out that : -

"The manager was an official appointed by and under the full control of the Management Committee and if the Management Committee thought that he was exceeding his powers they could interfere .... The Management Committee could instruct the manager not to inflict stoppages of pay without referring to the Management Committee". (3)

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- (1) Department of Social Welfare Circular SWH 100/1 of 14/2/50 para.6. and U.G. 63/1949, para. 36. In the following paragraph, the Williamson Committee recommend that "the manager should have the power to suspend an employee pending dismissal as a result of serious offences committed. This should be subject to confirmation by the Department".(para. 37).
  - (2) S.A. Legion of the B.E.S.L; National Headquarters:"Minutes of a special meeting of the Headquarters Relief Committee held .... on the 7th Feb. 1950 ....
  - (3) Department of Social Welfare, Division of Readjustment Services : "Notes on a meeting with representatives of the B.E.S.L. & the Management Committee of Ex-Servicemen's Industries, Johannesburg .... on 10/5/50, para. 11.

The author considers that his management committee take a more practical view of this question. They have delegated to him their full powers under the regulations, requiring him only to report to meetings of the committee the circumstances of all dismissals. Furthermore, the representative of the local Social Welfare Officer has accepted his suggestion that all suspensions be regarded as having been imposed in "urgent circumstances", and is satisfied to receive formal reports thereon after the event.

#### 7. RE-ADMISSION OF EMPLOYEES.

Even after having been dismissed for misbehaviour from one factory an ex-sheltered employee may be readmitted to sheltered employment if another factory is prepared to accept him "after the circumstances attending the original dismissal have been communicated to it by the Placement Committee".(1) This, however, occurs infrequently.

On the other hand, considerable use is made by sheltered employees of the provision that those who resign to attempt to re-establish themselves in ordinary employment may be readmitted to sheltered employment if they lose their positions because of ill health. (2) The Williamson Committee considered that this privilege was being abused ("certain employees have been in and out of the factories five and six times") and recommended (a) that "the opportunities to be readmitted should be limited to two", and (b) that employment, on readmission, should be "considered to start de novo", i.e. the readmitted employee's wage should be the minimum, regardless of what increments he had earned before he resigned originally. The Board's ruling makes no mention of limiting the number of opportunities for readmission, and is far less drastic on the other point. It empowers the management committee to grant an employee three months leave without pay to test his ability to retain ordinary employment. If he fails "he may be readmitted to the same sheltered employment factory at the same wages that he received prior to his leaving"(3) provided that the Placement Committee is satisfied /.....

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(1) Regulations for Sheltered Employment, 1947, para. 47 (h).

(2) Ibid, para. 49.

(3) Department of Social Welfare Circular SWH 100/1 of 1/4/50, as amended by SWH 100/1 of 22/6/50.

that the employee's health has not deteriorated during the period of absence, and that the circumstances warrant such a course". (1)

Although they are not described in the Williamson report, it is probable that the abuses therein referred to consisted of the following practices : -

- (a) With short-sighted disregard of the consequences, sheltered employees have been known to resign simply to obtain payment of wages in lieu of accrued leave, to meet pressing debts.
- (b) It has been alleged that, in the first two or three years of the scheme, some men attempted to use sheltered employment factories as stop-gaps for the winter, spending the summer months in one of those occupations in which the seasonal fluctuations in demand suit this pattern of behaviour.

It is arguable that the latter is an abuse only if the financial interests of the sheltered employment scheme are considered more important than either the well-being of the sheltered employee or the general interests of consumers. (2) As far as the former practice is concerned, the danger of it becoming a serious abuse can be minimised by judicious factory welfare work, designed to develop in the employees a sense of responsibility in personal matters.

Even though the possibility of using this check on abuse of the privilege did not exist, it would seem that the Williamson recommendation showed less wisdom than the Board's ruling. It is one of the inherent difficulties in a sheltered employment scheme that those who operate it must always be prepared to help their better employees to seek other work. (3) When rehabilitation in the open labour market is possible, sheltered employment is only "a second best". The Williamson Committee,

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- (1) Department of Social Welfare Circular SWH 100/1 of 22/6/1950
  - (2) Even this is not necessarily the case. The loss incurred in operating some sheltered employment factories exceeds the wages of the employees (which are an item of unavoidable cost). Even though no saving could be made in other items of unavoidable cost, there would be a net saving to the Treasury if all the employees took unpaid leave every summer. In the long run, however, the rate of loss can be expected to fall, and this saving to disappear.
  - (3) In the author's opinion it is one of the main defects of the regulations for Sheltered Employment that they make no provision for encouraging and assisting trained men to find ordinary (non-sheltered) employment. Admittedly, this would increase the difficulty of keeping down the direct cost of the scheme, but it would be an improvement in other respects.

however, were more concerned to reduce the cost of sheltered employment than to improve South Africa's rehabilitation services. It cannot be denied that their recommendation is fully justified on those grounds.

#### 8. PROBATION PERIOD

Similar remarks can justifiably be made about the introduction, on their advice, (1) of a three months probation for every newly admitted sheltered employee. At or before the end of this period

"if an employee is .... found to be not of worthwhile potential productivity in the opinion of the manager (who will obviously consult with the instructors) that employee will be given one week's notice of dismissal forthwith, without delay occasioned by application for War Veterans' Pensions and other means of providing for his future". (2)

Since managers are under constant pressure from the Board to reduce the costs of operating their factories, they may be excused for using this opportunity to avoid having "to exercise patience and show understanding" in handling cases of refractory behaviour, as is enjoined on them elsewhere in the regulations. (3)

In any case, the circumstances of sheltered employment make the period too short to be useful. Many men have been unemployed for several weeks, if not months, before they are admitted to sheltered employment. Their savings have been eaten up, and they have exhausted their credit. By the time they reach the sheltered employment factory they are half-starved and heavily in debt. During the probation period, their wages are extremely low ; (4) in fact the B.E.S.L. Headquarters Relief Committee considers them "inadequate to meet the minimum requirements of family life". (5) During this period, they are not entitled to paid sick leave. (6) They are probably working at a trade of which they have no previous experience.

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(1) U.G. 63/1949, para. 40.

(2) Department of Social Welfare Circular SWH 100/1. It is anomalous that managers, who have not the power to dismiss an employee for misconduct, should have unfettered discretion in this matter.

(3) Regulations for Sheltered Employment, 1947, para.47, quoted above page 75.

(4) See below page 90

(5) S.A. Legion of the B.E.S.L. H.Q. Relief Committee : "Minutes .... 7th February 1950" para. 13.

(6) U.G. 63/1949, para.47 and Dept. of Social Welfare Circular SWH 100/1 of 14/11/49, para. 9 (e).

The most that can be said for the rule is that it gives the manager an opportunity to reduce materially one of the most significant differences between his problem and those of his "opposite numbers" in ordinary industry : they choose their employees ; he has his thrust upon him.

9. VACATION LEAVE : SHELTERED EMPLOYEES

On the Williamson Committee's recommendation, vacation leave has been reduced from 31 to 26 days (including five statutory public holidays) (1) per annum. All factories are required to close for a period of three weeks plus included statutory holidays at the end of each year. The employees take whatever leave is due to them at this time ; those with less than a year's service receive proportionately less leave pay. (2) After ten years in sheltered employment, the leave entitlement increases to 29 days a year. (3)

10 HOURS OF WORK

The factories work a nominal 40-hour, five day week. (4) Morning and afternoon tea breaks (10 to 15 minutes each) are included in "working" time, but the lunch break is excluded. The Board has not yet given effect to the Williamson Committee's recommendation that the working week be increased to 44 hours with the "aim of running sheltered employment factories on normal industrial lines and .... in the hope of increasing production". (5) Management committees have been informed that the Board will submit this proposal to the Minister of Social Welfare for review towards the end of June 1951. (6)

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- (1) The Board authorised "Kruger Day" to be observed as an extra paid holiday in 1950.
  - (2) The Governor General's National War Fund can probably be relied on to make grants to assist any employees on whom this rule bears particularly severely. They did so when it was introduced, in a modified form, in 1949.
  - (3) U.G. 63/1949, paras. 42-45, and Department of Social Welfare circular SWH 100/1 of 14/11/49, amended by a 1950 circular under which the included statutory holidays were restored, against the Williamson Committee's recommendation.
  - (4) Regulations for Sheltered Employment, 1947, para 41.
  - (5) U.G. 63/1949 para. 48.
  - (6) National Board for Sheltered Employment letter SWH 100/1 dated 8/8/50 to author's management committee.

The hours of work for an individual employee may be reduced on the District Surgeon's certificate that the employee is unable, because of his disability, to work the full week. In such cases the worker is not to "be penalised in respect of wages, but will draw wages as if he had worked the full number of weekly hours". (1) The Williamson Committee did not consider that this regulation should be changed. (2) In practice, little use seems to be made of it ; (3) if the contrary were the case, there would be little hope of achieving the "aim of running sheltered employment factories on normal industrial lines".

11. UNEMPLOYMENT INSURANCE ACT (NO. 53 OF 1946)

On representations made by the Board and endorsed by the Williamson Committee, (4) sheltered employees have been excluded from the provisions of the Unemployment Insurance Act. The Board's argument in favour of this action was advanced under two main heads : -

First, that sheltered employment and unemployment insurance are social security measures for the relief of unemployment maintained partly at the expense of the state. If sheltered employment factories were to pay the employer's contribution to the unemployment insurance fund, the State would be making "double provision against contingencies in which only one provision is necessary".

Second, that there was no way in which a sheltered employee could lose his employment, without also failing to acquire the right to draw unemployment benefits in the period immediately after he left sheltered employment.

The latter argument has lost its validity since the adoption of some of the Williamson Committee's recommendations. (5)

12. TRANSPORT ALLOWANCE

The Williamson Committee found that "provision exists whereby employees pay the first fifteen shillings per month of the cost of

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(1) Regulations for Sheltered Employment, 1947, paras. 41, 42.

(2) U.G. 63/1949, para. 48.

(3) No such certificates have been issued by the District Surgeon at the author's factory for the past three years.

(4) U.G. 63/1949, para. 58 and Appendix V.

(5) e.g., the new provision that an employee found fit for the open labour market is to be discharged after one month's notice, whether he has found other employment or not.

transport to and from work ; the factory pays up to the next fifteen shillings per month, thereafter the employee pays anything in excess". They recommended that this practice be continued, on the grounds that it "is fairly widely accepted, both in the public service and municipalities, as well as in a number of other industrial undertakings". (1)

There is additional justification for this measure in sheltered employment. A man working in ordinary industry who finds that the cost of travel between his home and a particular job is excessive can usually remedy this situation by changing his job. Under similar circumstances, this course is not open to the sheltered employee ; nor, in these days of acute shortage of housing, can he change his home for one nearer to the factory. (2)

#### 13. MEDICAL SERVICES

Sheltered employees receive free medical attention, but are required to pay 7d. each per week towards the cost of medicines issued from the factory dispensaries. The Williamson Committee recommended that this charge be discontinued, (3) but the National Board has not yet adopted this suggestion.

#### 14. PROVISION OF MEALS FOR EMPLOYEES

Although the Committee of Inquiry recognised that medical treatment is a necessary part of the readjustment of sheltered employees and should therefore be provided at the State's expense, they considered that the "provision of a midday meal is not the function of the Government!"(4) The case for free meals may have been too lightly dismissed. It is the experience of the District Surgeons who attend sheltered employment

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(1) U.G. 63/1949, para. 59.

(2) Under the regulations the allowance is reflected in the factories' profit and loss accounts as though it were a production cost. It would be more logical to carry it direct to the appropriation account as an allocation of subsidy.

(3) U.G. 63/1949, para. 60.

(4) Ibid, para.61.

factories that most of the workers are malnourished. In the factory which the author manages the generosity of the Y.M.C.A. has enabled meals to be served at a nominal charge to the employees. The District Surgeon is positive that this measure has been responsible for an enormous improvement in their general health, and a consequent reduction in the amount of medical treatment they require. (1)

By way of compromise, the Board approves the expenditure of subsidy funds on the purchase of the initial equipment for setting up a kitchen and a dining room, and the use of part of the premises for these purposes.

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- (1) The author considers it highly desirable that a proper nutritional survey be conducted in all the factories. If the survey shows that malnutrition is wide-spread, the Board should arrange for a free compulsory feeding scheme not only in the interests of the employees, but also because a considerable improvement in productivity can be expected to result from the consequent increase in their energy and physical strength.



CHAPTER 7.

WAGES IN URBAN SHELTERED EMPLOYMENT. (1)

1. CONFLICTING RECOMMENDATIONS ABOUT WAGE SCALES

Within five years three different official committees reported to the Union Government on sheltered employment. Each recommended a different basis for determining wage rates.

The (Corbett) Inter-Departmental Committee on the Invalidity Scheme proposed, in 1940, that sheltered employment be provided for "the blind, the severely crippled and epileptic, whose form of handicap makes their chance of absorption in industry very small .... They can be paid such wages as they can earn, and if necessary, that wage can be supplemented from other sources so as to ensure that they are provided with a minimum subsistence". (2)

The de Vos Malan Inter-Departmental Committee on Deviate Children suggested in January 1945 that "the scale of wages applied at such workshops must be high enough to ensure for the handicapped workers a reasonable livelihood and to make it unnecessary for them or their families to be dependent on poor relief or on a state pension or any other grant". (3)

Both these committees were investigating the general problem of rehabilitation. The Kuschke Committee, which was concerned solely with urban sheltered employment for ex-volunteers disabled in a war that was being waged while they worked, recommended (31.12.1943.)

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- (1) The wage scales are tabulated and discussed in greater detail in Appendix B p. A5 below.
- (2) U.G. 34/1940, p.41, Secs. 232 & 233. This recommendation deserved more attention than it seems to have received from subsequent official investigators of this problem. There are many virtues in the idea of paying each sheltered employee a basic allowance, calculated as a substantial proportion of the established expectations of a non-handicapped man in similar circumstances, plus a wage based on his productivity. This idea is mentioned in Chapter 14 Sec. 7 below.
- (3) U.G. 30/1945, p.221. Sec, 201.

that (1)

"An employee working the number of weekly hours required of a non-disabled worker in his particular occupation and an employee, though not working the full number of weekly hours who is nevertheless in the opinion of the local management committee working to the full capacity of his residual powers and potential skill, should be paid at least a wage which has been laid down for that occupation by a wage determination or agreement; provided that if the Committee considers an employee has not yet attained either standard mentioned above, such employee be paid a weekly wage which shall be not less than 60% of the normal minimum weekly wage for that post .... the above rates refer to fully trained craftsmen and to trainees". (1)

Essentially the debate within each of the committees on this point was analogous to the collective bargaining about wages between employers' association and trade union in an "Industrial Council". The case of the employers was put in the form of concern for the public purse, of the workers in the pricking of public conscience. When the first urban sheltered employment factories were being opened, war fever was at its height and victory excitingly close. Public conscience had no difficulty in putting a strain on public purse in the interests of the welfare of disabled soldiers, sailors and airmen. The generous wage scheme suggested by the Kuschke Committee was adopted.

## 2. THE "UNIFORM" BASIC WAGE

The ascendancy of conscience over purse did not long remain unqualified. Towards the end of 1946, the Director General of Demobilisation informed the management committees (3) that the National Board had adopted "with the approval of the Treasury .... the principle of a uniform wage (4) for all employees, (5) regardless of race or sex". (6)

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(1) U.G. Committee Report on Urban Sheltered Employment for ex-Volunteers 31.12.1943, p.7.

(2) U.G. Committee Report on Urban Sheltered Employment for ex-Volunteers, 31.12.1943, p.7.

(3) D.G.D. Circular 413/27/1 (23) of 11/11/46.

(4) Underlined in original.

(5) Employees engaged in such unskilled labour as sweeping, cleaning and the duties of watchmen were excepted. They were to be paid at the ruling local rates for these duties, as ascertained by the local Divisional Inspector of Labour.

(6) Author's underlining.

The uniform wage was to be £2.10.0. per week but untrained employees were to start at 60% thereof (i.e. £1.10.0.), and men who could prove that they had artisan status (or who acquired equivalent skill) in the trade in which they were occupied could advance to £4. per week. Regulations for limiting the rate of progression from £1.10.0 to £2.10.0. and then to £4. were prescribed.

In addition to the "uniform" wage, the following "allowances" were to be paid: -

To European men:	£2. 10. 0 per week.
" " women (1) :	£1. 10. 0 " "
" Coloured & Indians :	10. 0 " "

In effect these regulations meant that, regardless of either local or occupational variations (2) in wages in ordinary industry, an untrained European man would start in sheltered employment at £4. per week, and a woman at £3, while a Coloured man would get £2. and a Native £1.10.0. At intervals of not less than three months those who showed "diligence and application to work" might receive three (later four) successive increments which would increase their starting wage by a total of £1, to a maximum payable to a worker without previous training. This maximum was, however, the starting wage for "an employee who, prior to admission to the project, had completed a full course of recognised training in the occupation in which he is engaged in the project (that is, a skilled artisan or craftsman)". The latter could be awarded an increment of 10/- per week after six months service (and thereafter two more such increments at similar intervals) provided he could satisfy a Divisional Inspector of Labour that he was thoroughly proficient in his work. (3) In 1948 the Board indicated that it was intended that men who completed five years training in a particular occupation in sheltered employment (or partly in sheltered employment) and partly in an apprenticeship "outside") and who could pass the Inspector's proficiency test would also qualify for those higher rates of pay. (4)

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- (1) There is no provision for non-European women in "Urban Sheltered Employment".  
(2) Except for the "unskilled labourers" mentioned in footnote 5 p.85.  
(3) D.G.D. Circular 413/37/1 (23) of 11/11/46.  
(4) D.G.D. Circular 413/27/11/1 (23) of 18/2/48 and DSW Circular (no ref.) of 20/5/48.

In addition to the basic wage and the special allowance, a "cost of living allowance" was to be paid at the rate laid down by the Government from time to time as the minimum for workers in private undertakings<sup>(1)</sup>. In sheltered employment this was calculated on the "basic" wage only, the race-sex allowance being excluded; thus the cost of living allowance for all races and both sexes on the same "notch" of the wage scale was the same.

### 3. CHANGES MADE AFTER THE WILLIAMSON INQUIRY

The Williamson Committee considered this scheme unnecessarily elaborate. They showed that the ascendancy of public conscience over public purse was near its end by describing the starting notch on the various scales as "on the high side". They had received "some evidence" that many employees were being paid higher wages "than they can ever receive outside sheltered employment under the most favourable conditions". On the other hand, some witnesses had argued "that the wages now paid are hardly enough to support the bare existence of a married man with several children". (2) The report continues as follows : -

"54. We have had regard to conditions as pertain in the industrial world in the country to-day and to the relation in which sheltered employment wages should stand to wages paid in industry. We have further considered that wage scales for European males, European females, Coloured persons and Natives should be in the relation to one another as 5, 4, 3,  $2\frac{1}{2}$  respectively. (3) Having regard to all the above factors, we recommend the following wage scales :-

#### (a) European Males

A wage of £2.10.0. per week should be paid during the probation period of three months; thereafter, if the employee's work is satisfactory and if he is retained in sheltered employment, he may be given a wage of £3. per week. From the end of the three month's probation period he may be eligible for increments of 10/- per week awarded after successive intervals of not less than six months, up to a

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(1) War Measure No. 43 of 1942 as amended.

(2) U.G. 63/1949, para. 53.

(3) The Committee offered no explanation for this statement.

maximum wage of £5 a week. This stage could therefore not be reached until an employee has had a minimum of  $2\frac{1}{4}$  years' service in sheltered employment; in practice it may conceivably be three or more years before this wage level is reached. Thereafter, in continuance of the present procedure, employees who attain artisan proficiency as at present defined, may progress by further six-monthly increments of 10/-, a week to a maximum of £6.10.0. a week under conditions specified in paragraph 51. This maximum rate may therefore be achieved after a period of six years or more.

(b) European Females.

A wage of £2. a week should be paid during the probation of three months; thereafter, if the employee's work is satisfactory and she is retained in sheltered employment, she may be eligible for increments of 8/-, a week awarded after successive intervals of not less than six months, up to a maximum of £4. a week.

(c) Coloured Persons.

A wage of £1.10.0. a week should be paid during the probation period of three months; thereafter, if the employee's work is satisfactory and he is retained in sheltered employment, he may be eligible for increments of 6/-, a week awarded after successive intervals of not less than six months, up to a maximum of £3 a week. Thereafter, under conditions similar to those specified for European males in (a) above, those who reach artisan proficiency may progress by further six-monthly increments of 6/-, to £3.18.0. a week.

(d) Natives.

A wage of £1.5.0. a week should be paid during the probation period of three months; thereafter, if the employee's work is satisfactory and he is retained in sheltered employment, he may be eligible for increments of 5/-, a week awarded after successive intervals of not less than six months, up to a maximum of £2.10.0. a week". (1)

The Board adopted these recommendations, adding only the provision that "a qualified artisan who enters sheltered employment to work at the trade in which he is qualified shall be eligible for a commencing wage of £5 a week progressing to £6.10.0., as indicated above", if the artisan is a European man and "£3 a week, progressing to £3.18.0. as indicated above" if he is a Coloured. (2) The wage scales thus established are still in force at the time of writing.

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(1) U.G. 63/1949, para.54.

(2) DSW Circular 100/1 of 14.11.49, Sec. 10.

## 4. AWARDS OF WAGE INCREASES

As we have seen, the regulations provided that increases of pay were to be given only to employees who showed diligence and acquired increased skill. There was also provision for wages to be reduced to punish laziness. The Williamson Committee came to the conclusion that there was a tendency for these provisions to be ignored. In some factories wages were raised one notch on the scale, almost automatically, every three months until the normal maximum was reached. (1) Except in one or two factories "the award of increments .... has been clouded by considerations which are largely compassionate". There were very few instances of wages being reduced "where an employee shows lack of application and diligence". (2)

The Committee felt that this was very unsatisfactory. On their recommendation the Board ruled that "increments in wages to employees .... should be granted by managers on a certificate submitted by instructors on a form identical with that used in the Public Service" (3)

## 5. COMPASSIONATE CONSIDERATIONS

Despite the Board's instructions it is extremely difficult for a manager to avoid being influenced by "considerations which are largely compassionate" when he reviews the rates of wages of the employees. (4) This springs inevitably from the nature of the case. Ex-Volunteer sheltered employees are adults, with adult responsibilities. Most of them are married and have several children. A large number have no other income than their earnings in sheltered employment; it is often impracticable for their wives to undertake paid work of any sort. Yet their wages - particularly on the lower notches of the scale - are extremely low in comparison with their needs.

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(1) U.G. 63/1949, para.56.

(2) Ibid, para.52.

(3) DSW Circular SWH 100/1 of 14.2.50, para. 8.

(4) On the day that this was written a certain sheltered employee, who has shown extremely little aptitude for any branch of the work of the factory, applied to the author for an increase of wages. He claimed, justifiably, a good record - he had not been absent without duly authorised sick leave for the past ten months, and he had no record of misbehaviour. His wage was less than £3 a week, including cost of living allowance. On this he was supporting a large family. His clothes were worn out and he could not replace them.

Their starting wages are also low in comparison with those paid in non-sheltered industry to adult semi-skilled workers in certain comparable occupations. The starting wage of a coloured sheltered employee (minimum age about 25 years) is, in fact, considerably lower than that of an unskilled labourer in most of the main industries in or near Cape Town. (1) It exceeds the wage of a first year learner in the furniture industry, but falls below the minimum payable to a learner thereafter (at age 17 or 18 years) even in country establishments. (2)

6. DISPASSIONATE CONSIDERATIONS

On the other hand, their wages are high in comparison with their productivity in urban sheltered employment as it is presently conducted. In twelve of the sixteen factories operating on 31st March 1950, the wages of the sheltered employees for the preceding half year exceeded the proceeds of sales (plus increase in value of manufactured stocks on hand). In the remaining four factories the wages exceeded the gross profit (which is calculated, under the regulations, by deducting only the actual "historical" cost of material consumed from the gross proceeds of sales, plus any increase in the value of stocks of manufactured or part manufactured goods). (3)

The wages are also high in comparison with the maximum pensions and allowances they could draw under present legislation and departmental regulations if they were unable to find any employment whatever. A member of the Committee of Inquiry estimated that the annual cost to the state of maintaining the urban sheltered employment scheme was nearly double what would have to be paid out if the scheme were closed and every employee awarded a war veteran's pension and the other grants to which he might be entitled. (4).

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(1) See table, Appendix H p. A 54.

(2) National Industrial Council for the Furniture Manufacturing Industry  
- 1947 Agreement under the Industrial Conciliation Act of 1937.

(3) From statistics compiled by the Department of Social Welfare.

(4) U.G. 63/1949, App. 7, Memorandum by Mr. A.E. Rupert.

## 7. LACK OF INCENTIVE PROVISIONS

"The great weakness in the scales is that they are dogmatic in respect of the speed with which the worker can progress, and the extent to which he can progress".(1) This weakness has frustrated the attempt of the Williamson Committee to apply incentive provisions to the employees. It results in the existence of anomalies - the outstanding worker can get no monetary recognition of his worth, in fact he may for many years be paid less than a mediocre man who gives his instructors no trouble and has longer service in sheltered employment. The provision that increments are to be given only on certificates signed by instructors does little to remedy this condition. Instructors are even more likely to be influenced by "compassionate considerations" than managers since they come into closer personal contact with the workers. We shall return to this subject later in a discussion of the methods by which the loss on the Urban Sheltered Employment scheme might be reduced. (2)

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(1) Prof.W.H.Hutt in his comments on the first draft of this thesis.

(2) Chap. 12. Sec.8.below.



## CHAPTER 8

PRODUCTION AND MARKETING

## 1. WHAT SHOULD BE PRODUCED?

At the beginning of the last chapter we saw that there was no unanimity of opinion on the method of determination of wages in sheltered employment. On the question of what should be produced, there is somewhat less divergence of views.

The (Corbett) Inter-Departmental Committee on the Invalidity Scheme recommended (in 1940) that

".... in the conduct of workshops of this sort care should be taken to avoid antagonising industry generally. No attempt should be made to dispose of the produce of such industries at prices which will undercut the products of ordinary trading concerns .... It might well be that in establishing any such workshops, the agencies concerned would be able to fix upon the making of some product which is not yet produced on a commercial scale in the Union. If that were done the danger of coming into competition with established industries would be avoided, while at the same time, a very useful service might be rendered to the community .... the agencies would do well to act in consultation with the Departments of Commerce and Industry, and Labour". (1)

The (de Vos Malan) Inter-Departmental Committee on Deviate Children (1945) agreed that "care must be taken to avoid any clash" with vested interests and that the Departments of Commerce & Industry, and of Labour should be consulted. The Committee considered that it would be "sound policy to limit the manufactured products as far as possible to articles used by Government departments, and where it is necessary to sell articles in the open market, they must be sold at ruling trade prices to obviate the danger of a clash with established industrial interests". (2)

The (Kuschke) Committee on Urban Sheltered Employment (1943) made no positive recommendations on this matter, but considered that it would "be desirable if projects can be selected which enter a new field of production or otherwise are conducted in such a way as not to constitute unfair competition with legitimate trade". The National Board should decide whether each individual project submitted by management committees is feasible "from the business as well as the welfare of the workers points of view".

(1) U.G. 34/1940, p.41.

(2) U.G. 30/1945, p.221.

The initiative in choosing projects should be left to the management committees. (1) The policy suggested by the Kuschke Committee was adopted by the Board. The regulations issued in November 1947 make no further mention of the matter. (2)

## 2. WHAT WAS PRODUCED

Patients in S.A. military hospitals were sometimes encouraged by occupational therapists to keep their minds off the quality of hospital food, or whatever else they worried about, by making fancy articles by hand in expensive materials. There was some tendency to adopt this system in sheltered employment in its early stages. (3) Even when machinery was installed, it was more often the sort which is appropriate to a hobbies work-shop than what is needed for large scale production in a factory. Public conscience was still lording it over public purse, so no one counted the cost of these practices. Sentiment could still be exploited readily in marketing the output, though sometimes at prices which barely covered the cost of the raw material consumed. The system had the sole merit that it aroused no hostility among those for whose vested interests the three committees mentioned in section 1 above showed so much concern.

## 3. SHELTERED EMPLOYMENT ENTERS THE MACHINE AGE.

It was not long, however, before the factories began to emerge as competitors with ordinary industry in the production of such commodities as kitchen furniture and cheap clothing. This seems to have reminded the Board of the fears expressed by the ~~three~~ committees, with the result that, at a conference of managers held in 1947, Mr. W. Vannett-Hain,

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(1) U.G. - Committee Report on Urban Sheltered Employment, 31/12/43, p.7.

(2) D.G.D. Regulations for Sheltered Employment, Nov. 1947.

(3) When representatives of the National Board for Sheltered Employment inspected one of the Johannesburg factories in November 1944, they suggested the following occupations :- Carpentry, pottery, pewter, tapestry, lingerie, weaving, bookbinding. (Ex-Servicemen's Industries Minutes 23.11.44.)

"the Technical Inspector explained that, when sheltered employment was faced with the problem of entering into unfair competition with the legitimate trade, the Board gradually adopted the policy of obtaining Government contracts. There was sufficient Government work in three principal lines to meet the needs of all the projects (i.e. factories). Negotiations were almost completed to ensure that Government Department's requirements would be notified to the Board; the Board would then allocate the work to the various projects, the pricing to be done in Pretoria". (1)

This statement was over-optimistic. The negotiations mentioned are still in progress at the time of writing, and sufficient Government work has not yet been obtained to meet the needs of all the factories. Nevertheless it marks the end of the practice described in section 2 above, and heralds the entry of urban sheltered employment into the machine age.

Mr. Vannet-Hain had been appointed to the post of Technical Inspector some six months before the conference of managers was held. Unlike his predecessor, who had been a district readjustment officer, he came to it straight from the field of engineering. After the conference he explained to the author that his aim was to promote the rapid mechanisation of sheltered employment for large scale production. He was a strong advocate of "the policy of obtaining Government contracts", partly because it could easily be shown to the Board and the Treasury that these contracts could be fulfilled only by properly equipped factories. This facilitated obtaining official approval for expenditure on relatively heavy machinery. (2).

#### 4. "MANUFACTURE OF GOVERNMENT REQUIREMENTS". (3)

The Board had informed the management committees on 11th September 1947 (4) that

"sufficient Government work is already on hand to keep the wood-work sections of our projects fully occupied for the next five months. Moreover it would appear that there will be a steady supply of (this) work available .... Taking for granted that the volume of (Government) work will be as expected, with certain exceptions, as for example large scale contracts with Mining Companies etc., projects will

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- (1) Directorate of Demobilisation : Memorandum on the Conference of Managers of Sheltered Employment Projects, 25th August 1947.
  - (2) Nevertheless, the factories are not yet necessarily equipped to the best advantage. This question is discussed below, p.132.

ultimately of necessity require to cease the acceptance of other than Government contracts. (sic). It will be obvious that the flow of such work cannot be regulated if additional work is undertaken to any appreciable extent by projects. There may be an intermediate period where this is unavoidable but having the ultimate target in mind, such work should be avoided whenever possible". (1)

Nevertheless, the Williamson Committee found about eighteen months later, that the sheltered employment factories were still undertaking non-Government work. They discussed this matter with representatives of organised industry (particularly the furniture manufacturing industry) and were informed that

"although it would object to sheltered employment competing in the normal trade, both retail and wholesale, and with the legitimate industrialist, the furniture industry would not object to sheltered employment factories undertaking the manufacture of Government requirements. This would include the manufacture of items of furniture and equipment such as school furniture required by the provinces, technical and mechanical equipment required by the Department of Posts and Telegraphs, office furniture required by the Public Works Department and hospitals and other furniture required by state and state-aided institutions". (2)

The Williamson Committee must have been satisfied that the requirements of such institutions would provide adequate demand for the product of all the activities of all sheltered employment factories (3), for they recommended (and the Board subsequently ruled) that

"the output of factories be limited to the requirements of government departments, provincial administrations, the Railways and Harbours Administration, State and State-aided Institutions and local authorities". (4)

The Board added that "it is considered that factories will eventually be kept fully occupied by Government work".

Dr. F. Brümmer, the Acting Secretary for Social Welfare, informed the author in September 1950 that he recognised that this ruling had been premature. Despite a Treasury instruction issued on 15th February, 1950, to "all heads of Departments, accounting officers, provincial

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(1) Ibid.

(2) U.G. 63/1949, Sec. 62.

(3) But there is no mention of this aspect of the matter in their report.

(4) U.G. 63/1949, Sec. 62 and DSW Circular SWH 100/1 of 14.2.1950.

secretaries and the secretary for South West Africa" that the sheltered employment scheme should be given the opportunity to supply all the requirements of their departments (1), sufficient work is not yet being obtained from these sources to keep the factories "fully occupied". On a recent inspection, Dr. Brümmer had found one factory completely idle. No government contracts were available to absorb its products, and the management were adhering strictly to the ruling that no other work be undertaken. Dr. Brümmer condoned the contravention of this ruling at the author's factory but urged that the utmost care be taken to avoid precipitating a clash with open industry on this issue.(2)

5. ACTIVITIES IN FACTORIES

Table A (page 97) shows the number of sheltered employees engaged in each of the activities conducted in the factories during the six months ended 31st March 1948.

The situation discovered by the Williamson Committee was essentially the same, and the "very wide diversity of activities" did not impress them favourably. They considered that "fewer occupations should suffice to provide employment to suit the disability" of any sheltered employee, particularly after the application of the more restrictive criteria for eligibility which they proposed. They recommended -

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(1) Union of S.A: Treasury Circular No. 5 of 1950.

(2) Conversation in Dr. Brümmer's office in Pretoria, September 1950.

TABLE A.

AVERAGE NUMBER OF SHELTERED EMPLOYEES IN EACH ACTIVITY CONDUCTED  
DURING THE HALF-YEAR ENDED 31ST MARCH, 1948 (1)

Col. A	Woodwork (Furniture & Joinery)	Col. I	Wire Weaving
" B	Clothing Manufacturing	" J	Mattresses & Pillows
" C	Leatherwork.	" K	Wrought Iron Work.
" D	Weaving (Carpets, etc.)	" L	"Arts & Crafts" & Misc.
" E	Book Repair	" M	Racial Composition of Employees (X)
" F	Sheet Metal Work	" N	Number of Activities.
" G	Knitting	" O	Total number of sheltered Employees.
" H	Plant Nursery.		

FACTORY	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
Bloemfontein, ESI	20			14		3							E	3	37
Durban, ESI	24		12	24			24						E	4	84
East London, SEA	32												E	1	32
Johannesburg, ESI	38	97	36	22									E	4	193
Johannesburg, MSWD(U)	29	18										6	E	3	53
Pietersburg, MOTH	12												E	1	12
Potchefstroom, SEB	16					13		9					E	3	38
Pretoria, E-VC & I	40		5	38	19								E	4	102
Cape Town, DSI	88	109			28						47		M	4	272
Cape Town, ESI	86	65	22		8								M	4	181
Kimberley, ESI	96		35			57							M	3	188
Pietermaritzburg, ESI	25	2		21								48	M	4	96
Port Elizabeth, SP	14								18	91		17	M	4	140
Cape Town, Slic.	176												C	1	176
Johannesburg, ESI (CM)	93	22	28										C	3	143
Grahamstown, SP										19			C	1	19
Totals:	789	313	138	119	55	73	24	9	18	110	47	71			1766

(X E: European, C: Coloured & Indian, M: Mixed (European & non-European))

(1) Compiled from unpublished statistics supplied by the Secretariat of the National Board for Sheltered Employment.

"that factories be limited to one activity per 100 employees or part thereof .... (and) that such activities should be limited to the following :-

Woodwork (joinery and cabinet making),  
Book repair work (limited to one factory in Cape Town and one in Pretoria),  
Mattress-making (limited to Port Elizabeth),  
Metal-work,  
Clothing manufacturing,  
Heavy leather work". (1)

This recommendation was adopted by the National Board, without any positive evidence that the demand of Government departments, etc., for the products of these activities would be sufficient to keep the factories fully occupied. This question is, however, under investigation at the time of writing.

The other aspect of the recommendation is the proposition that the activities listed provide a sufficient range of occupations to suit the disabilities of those admitted to sheltered employment. Some useful light is thrown on this proposition by the "Survey of Employability of Physical and Mental Deviates" which was conducted between 1st October 1942 and 20th October 1944 by a Committee under the chairmanship of Professor J.A. Jansen van Rensburg. (2) They estimated the number of workers in ordinary industry in the Union doing

".... types of work that could be done by people with various types and degrees of physical and mental deviations.

We proceeded very conservatively in deciding upon these types of work. We took the status quo into account, that is to say the conditions of work obtaining at the time and in which, under those conditions, and in competition and coöperating with him, the deviate could work just as well as the normal worker". (3)

Reference is made to their report in the following sections in which each of the activities authorised for sheltered employment is discussed separately. (4)

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(1) U.G. 63/1949, Secs. 63 & 64.

(2) U.G. 30/1945 - Annexure A.

(3) Ibid, p. 261.

(4) Extracts from the report will be found in the Appendix to this chapter (Page below).

6. WOODWORK (CABINET MAKING AND JOINERY)

Woodwork seems to have become the favourite activity in urban sheltered employment without any close examination of its suitability for the purpose. This is probably due, in a large measure, to its popularity as a hobby. The Williamson Committee's only comment on the subject was that "it embraces a wide variety of occupations".

On the other hand, the van Rensburg Committee found comparatively few of these occupations to be the sort in which people with limb defects could be expected to be as efficient as able-bodied workers, and those few (carving, sewing machine and bed spring machine operating) are not found in sheltered employment. In other words, if the van Rensburg findings are accepted, there are no occupations in woodwork, as it is practised in sheltered employment, in which a limb deviate can compete with an able bodied man without modification of the normal working technique. Furthermore, only a very small proportion of the jobs can be performed efficiently by mentally handicapped people (I.Q. below 80) (1).

The District Surgeon who attends the Cape Town factories considers that woodworking is too dusty an occupation for those who have respiratory defects. The only dust free occupation is polishing, in which the chemical fumes are even more harmful than wood dust.

Woodworking machinery is dangerous compared with that used in the manufacture of clothing or footwear. The work is also much "heavier", i.e. the pieces of raw material and of the finished product are usually far more difficult to handle.

Finally, it is relatively difficult to reduce woodworking to a chain of repetition processes. The nature of the material used, when the work is done in solid natural wood, makes it necessary for intelligence to be applied to almost every operation. The work is noisy, particularly in the machine shop.

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(1) Table A, Appendix to this chapter p.



## 7. BOOKREPAIRING

One Cape Town factory (Disabled Soldiers Industries) and the Pretoria factory have small book binding sections, (1) They have repair contracts with a number of libraries, and do a very limited amount of original binding. The Trade Union prevents the latter part of their work from being expanded by threatening to "blacklist" instructors if the sheltered employment factories compete with ordinary bookbinders in the binding of books published for sale. No arrangements have yet been made with the Government Printer for any official publications to be bound in sheltered employment.

The van Rensburg Committee found that a large proportion of the operations could be performed by leg deviates as efficiently as by able-bodied, but none by arm deviates. The minimum I.Q. required for the same operations is comparatively low (70), but not as low as that for two minor occupations in woodworking. (2)

The work is dust and fume free, light and quiet. It is more readily reduced to a chain of repetition processes than woodwork.

## 8. MATTRESS MAKING.

Under the Williamson Committee's recommendation, and the Board's ruling, only one sheltered employment factory is permitted to engage in this activity. This factory (3) is also the only one where the operating costs have been reduced to a reasonable figure; it appears to be far more efficient (economically) than any other sheltered employment factory.

The van Rensburg report shows few operations suitable for limb deviates, but the I.Q. requirement tends to be lower than for wood-working. (4) Some operations are dusty and others noisy. It is lighter than woodwork, but not as light as book-binding. It is more readily performed on a production line basis than woodwork.

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(1) This monograph will be bound at the former.

(2) Table B, Appendix to this chapter, page

(3) At Port Elizabeth.

(4) Table C. Appendix to this chapter, Page

## 9. METAL WORK

The metal work sections of those sheltered employment factories which undertake this activity have specialised in relatively light and simple occupations, such as ornamental wrought iron and sheet metal work. Disabled Soldiers Industries (Cape Town) are now making steel frames for school desks.

The van Rensburg report shows few operations suitable for leg deviates and epileptics and none for arm deviates. The I.Q. required is about the same as for wood-work. (1) The work is noisy but mainly dust free. Although the <sup>raw</sup> material is often awkward to handle, the finished product is comparatively light. Much of the work can be reduced readily to simple repetitive processes, suitable for a production line.

## 10. CLOTHING MANUFACTURE.

The sheltered employment clothing sections produce cheap shirts, working trousers, shorts, overalls, vests, machine knitted jerseys, and similar articles. This activity has recently been gaining in popularity in sheltered employment.

The van Rensburg report shows a far greater number (and proportion) of operations suitable for leg deviates, and for people with a low I.Q. (65), than is found in the activities previously discussed. There are a number of operations suitable for epileptics, and some for one-arm deviates. (2)

The work is light, dust free and relatively quiet. It is eminently suitable for reduction to production line processes.

## 11. HEAVY LEATHER WORK.

The van Rensburg Committee found that this activity made little demand on intelligence, and that it included a number of occupations suitable for epileptics and for leg (but not arm) deviates. (3) It is

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(1) Table D. Ibid.

(2) Table E, Ibid.

(3) Table F, Ibid.

quiet, dust free and light. Government Departments, however, consume far less of its products than those of the other activities authorised for sheltered employment factories.

Boot and shoe repairing has been conducted in the leather-work sections of some sheltered employment factories. It has, however, been omitted from the list of approved activities - presumably because it aroused the hostility on non-sheltered shoe-repairers.

Boot and shoe making has not yet been undertaken, and is also omitted from the approved list. The van Rensburg report shows that it would provide provide a large proportion of occupations suitable for the mentally handicapped; even people with an I.Q. of only 55 could be employed as operatives. Epileptics and one-legged deviates could be expected to perform many of the operations efficiently. (1) It is a light, dust-free and reasonably quiet occupation, eminently suited for the application of production line methods.

## 12. DESIDERATA

The points which have been emphasised in the discussion of the approved activities are those which seem to be the most important considerations in choosing activities suitable for sheltered employees. The list of their disabilities given in Table B, below, (2) shows that respiratory defects are very common; hence the desirability of avoiding dust. T.B., cardiac, ulcer and hernia sufferers must have light work. Quiet occupations are preferable to noisy for those whose nervous systems are disordered. Safety is of prime importance if epileptics are to be employed.

Of the activities mentioned above, book-binding and clothing and footwear manufacture seem to meet those requirements most closely. The latter also have the advantages of providing employment opportunities for the mentally handicapped, and of being suitable for operation on production line principles.

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(1) Table G, Ibid.

(2) Page, 103.

TABLE B

SHELTERED EMPLOYEES IN THE CAPE TOWN FACTORIES AT 30TH SEPT. 1950

CLASSIFIED BY NATURE OF MAIN DEFECT. (1)

<u>NATURE OF DEFECT.</u>	<u>EUROPEANS</u>				<u>COLOURED</u>					
	DSI	ESI	TOTAL	%	DSI	ESI	SLIC	TOTAL	%	TOTAL %
Amputation (Limb)	1	-	1	-	1	2	2	5	2	6 1
Circulatory	22	7	29	11	4	7	9	20	10	49 11
Diabetic	1	2	3	1	1	-	1	2	1	5 1
Epileptic	5	1	6	2	1	1	4	6	3	12 3
Gastric	26	4	30	12	2	4	6	12	6	42 9
Nervous	53	33	86	34	9	14	24	47	23	133 29
Orthopaedic - other than limb amputation	20	5	25	10	5	11	16	32	15	57 12
Respiratory	31	29	60	24	13	18	29	60	29	120 26
Rheumatic	11	1	12	5	4	8	10	22	11	34 7
Nil.	-	1	1	-	-	-	1 *	1	-	2 -
	170	83	253		40	65	102	207		460

\* Previously suffered from malaria, now fit for "open labour market".

- (1) The author is indebted to Dr. P. Samols, the District Surgeon in attendance at the sheltered employment factories in Capé Town, for the information from which this table has been compiled.

TABLE B

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CLASSIFIED BY NATURE OF MAIN DEFECT. (1)

<u>NATURE OF DEFECT.</u>	<u>EUROPEANS</u>				<u>COLOURED</u>						
	<u>DSI</u>	<u>ESI</u>	<u>TOTAL</u>	<u>%</u>	<u>DSI</u>	<u>ESI</u>	<u>SLIC</u>	<u>TOTAL</u>	<u>%</u>	<u>TOTAL</u>	<u>%</u>
Amputation (Limb)	1	-	1	-	1	2	2	5	2	6	1
Circulatory	22	7	29	11	4	7	9	20	10	49	11
Diabetic	1	2	3	1	1	-	1	2	1	5	1
Epileptic	5	1	6	2	1	1	4	6	3	12	3
Gastric	26	4	30	12	2	4	6	12	6	42	9
Nervous	53	33	86	34	9	14	24	47	23	133	29
Orthopaedic - other than limb amputation	20	5	25	10	5	11	16	32	15	57	12
Respiratory	31	29	60	24	13	18	29	60	29	120	26
Rheumatic	11	1	12	5	4	8	10	22	11	34	7
Nil.	-	1	1	-	-	-	1 *	1	-	2	-
	170	83	253		40	65	102	207		460	

\* Previously suffered from malaria, now fit for "open labour market".

- (1) The author is indebted to Dr. P. Samols, the District Surgeon in attendance at the sheltered employment factories in Cape Town, for the information from which this table has been compiled.

FINANCES AND ACCOUNTS.

## 1. THE SUBSIDY

About the 31st March and the 30th September of each year, each management committee submits to the National Board their detailed estimate of the subsidy required for the following half-year.

The gross profit they expect to make is shown as the excess of expected gross proceeds of sales over the estimated cost of the raw material which will be consumed in manufacturing. The expected loss on operating is arrived at by deducting this gross profit from the total of a list of expenses (salaries, wages, transport out, power, etc.) compiled in the same form and under the same heads as the auditor uses when he compiles the half-yearly statements of profit and loss. To the operating loss is added the price (1) of any machinery or other equipment which the committee desires to purchase. The total is the subsidy which the Board is asked to provide.

The estimates are considered in detail by a sub-committee of the Board, and in gross by the Board itself. In due course, the management committee is notified that the Board has approved them, with or without alteration. The management committee is now entitled to draw funds from the Board for the period covered by the estimates up to the total amount approved. Instalments are asked for by letter when they are required - each instalment covering about six or eight weeks' requirements. (2)

A balance sheet and statements of profit and loss are drawn up and audited at the end of the half-year and submitted to the Board. Each item of expenditure is compared with the approved estimates and the management committee is called on to explain and justify excess expenditure incurred on any item. If the Board is not satisfied with the explanation, the management committee is required to refund the excess.

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(1) Including a generous allowance for installation costs, etc.

(2) Except the last which amounts to the balance of the subsidy approved for the period, whether it is required or not.

out of its own funds or to "surcharge" the official who incurred the expenditure. (1) The factory retains as working capital the amount by which the approved estimate exceeds the nett expenditure actually incurred (i.e. the gross expenditure less the proceeds of sales).

From time to time, the records of each factory are examined by the Board's financial inspector. His function is similar to that of the "internal auditor" of a large concern. He reports to the Board any breaches of the regulations which he discovers; particularly, any unauthorised expenditure. He may find, for example, that the factory has spent five shillings on seeds, plants and manure to establish a strip of garden alongside the building. Since this is not regarded as "incidental to the running of the factory" it is "unauthorised" even though it has been charged - with the auditor's approval - to the account "General Expenses" which is not over-expended. The Board, on receiving his report to this effect, notifies the management committee that the amount must be recovered from the responsible official. (2)

## 2. WORKING CAPITAL

By consistently over-estimating expenditure and under-estimating gross profit, it is a simple matter for the management committee to accumulate funds. The accumulation is represented in their balance-sheets by the excess of sundry debtors over sundry creditors, and by cash and stocks on hand.

This procedure ~~has~~ greatly facilitated the building up of stocks of raw material pari passu with the increase in each factory's turnover. There are no regulations limiting the discretion of the management committees in this matter. Provided that they do not incur a bank

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- (1) A saving on one item may not be set off against over-expenditure on another.
  - (2) This actually occurred. The only other example (known to the author) of this procedure being applied, is the following : the manager of another factory was ill and was ordered to bed by his doctor. It seemed to him a particularly awkward time for the factory's sake for him to be absent. He decided to disobey his doctor, and to continue to attend the factory, but it was not practicable for him to use public transport during his illness. He therefore arranged for a government garage car to take him to and from work each day. The cost (about £5) was regarded as "unauthorised expenditure" and was, eventually, deducted from his salary.

overdraft, they may purchase any amount of any type of raw material they may expect to require. This independence contrasts strangely with the rules governing the purchase of equipment - a management committee may not purchase any item of durable equipment (not even a hammer or a screw driver) without the express approval of the National Board.

The Williamson Committee noticed this contrast and recommended that it be eliminated by making the purchase of raw materials subject to the same regulations as other expenditure. The Board has not yet implemented either this recommendation, or the complementary suggestion that the factories be required to obtain all their raw materials through the Union Tender Board

### 3. ACCOUNTING METHODS.

In general the accounting system within each factory is that of an ordinary factory. Neither depreciation nor insurance charges are, however, raised; instead specific provision is made in the estimates for the maintenance and replacement of plant, and actual disbursements on these heads are charged direct to corresponding accounts.

When a factory occupies premises belonging to the Government, as most of them do, its accounts reflect neither the purchase price of the premises nor any rental for them. Even the costs of minor repairs and alterations to buildings are born by the Public Works Department. An accurate summation of the expenses of the sheltered employment scheme would have to take this peculiarity into account.

### 4. COSTS AND PRICES.

All that the Williamson Committee found to say on this subject was:

"the selling price of manufactured goods should have some relation to costs". (1)

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(1) U.G. 63/1949, p.9. There is, of course, a definite relationship between costs and prices where there is freedom of enterprise. A manufacturer will not plan to produce any article unless the avoidable cost which he expects to incur is less than the price which he expects to receive. If he has a choice among different articles, he will choose to manufacture that article or group of articles which he expects to yield the greatest difference between avoidable cost and price. This consideration also determines the quantity of each article that he produces. (This note is based on a suggestion made by Professor W.H. Hutt.)



This is singularly unhelpful ! The comments of earlier committees were more practical. The Corbett Committee, (1) in a confused way, and the de Vos Malan Committee both recommended that the products of sheltered employment "be sold at ruling trade prices". (2) In both cases this recommendation was apparently prompted solely by fear of "a clash with established industrial interests".

There are, of course, better reasons for adopting this policy. When a sheltered employment factory is producing an article for a competitive market it will be of no avail to ask more than the competitively determined price since that will leave the article unsold, and to ask less will be to forgo revenue unnecessarily. If the article is being produced for a Government department the price should be that which ordinary industry would charge. (3) If it is less the department is being subsidised by sheltered employment; if it is more a corresponding part of the cost of sheltered employment is being passed on to the consuming department. In neither case is the eventual burden on the taxpayer reduced or increased, but he is effectively denied the means of ascertaining what he is paying for.

This point has had insufficient recognition in the Treasury's instructions to the heads of departments on the subject of the "supply of Departmental Requisites by Sheltered Employment Factories". After briefly explaining the nature of the sheltered employment schemes, the Treasury requested all departments and administrations

"to ensure, before inviting tenders for the purchase of their requirements, that steps are taken to ascertain whether those requirements can be met by any of the sheltered employment factories .... (In such cases) the department concerned should inform the Secretary of the National Board .... of its requirements, the suggested purchase price and date of delivery. The purchase price will be determined mutually by the

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- (1) U.G.34/1940, p.41, Sec. 235. ("Prices (must not be such as to) undercut the products of ordinary trading concerns").
- (2) U.G. 30/1945, p.221, Sec. 202.
- (3) It may happen that the sheltered employment factory supplies articles of superior quality to what the trade would have supplied. The sheltered employment factory is not entitled to a higher price on this account unless the qualitative improvement has been made at the specific request of the department. If it has been made only to suit the convenience of the factory (e.g. when expensive material is substituted for cheap because the factory happens to have no stock of latter), the price should be that which ordinary industry would have charged for the inferior quality.

Department and the Board; in the event of disagreement .... the matter should be submitted to the Union Tender and Supplies Board (in the case of the Administrations, to the Tender Board of the Administration concerned) whose decision should be accepted as final". (1)

This gives no direct guidance to the principles on which the prices are to be agreed, but the reference to the Tender Board may be taken as implying that disputes will be settled by reference to the market prices of similar articles.

There is no difficulty in applying this rule where the departmental requisite is an article which is also used by mutually competing non-official consumers and produced by competing non-sheltered suppliers. Many of their requisites are, however, so highly specialised that there is no other consumer but the Government. For these a compromise is necessary. It could, for instance, be laid down that the Government's requirements of each <sup>such</sup> item were to be purchased in the open market every third (or fourth) year. The whole scheme would operate in such a way that sheltered employment supplied two-thirds (or three-quarters) of all such articles every year at the price at which each item was last supplied by ordinary industry, multiplied by a factor which would take account of the trend of prices for similar articles exhibited by a series of ad hoc index numbers maintained by the Union Tender Board. (2)

## 5. THE COSTING SYSTEM

The only major avoidable cost in any short term situation in sheltered employment is the cost of the material required for a particular job. (3) Wages are at all times (4) unavoidable costs, and their allocation among jobs may be positively misleading. (5) Instructors' salaries

- (1) Treasury Circular No. 5 of 1950.
- (2) This scheme could be elaborated to provide for adjustment where the open industry price appeared to be the result of collusive action among tenderers.
- (3) Once the right to determine whether the job will be performed has been taken away from the management committee, avoidable costs (other than unnecessary waste) at the factory disappear entirely. This is the present situation with regard to the supply of departmental requisites by the factories, since all the relevant decisions are made by officials of the National Board.
- (4) Except when the closing of the factory is under consideration.
- (5) For instance, to avoid complete temporary idleness in one section of the factory, workers in that section may be put to performing by hand tasks which could be done by machine in other sections. Again, a particular job may be assigned on one occasion to a very efficient worker, on another to one of the least efficient. Labour cost records in these

are an item of avoidable cost in a long-term decision, but the cost of a costing system designed to provide the data for such a decision would probably exceed the cost of any error which might result from relying on the manager's personal observations and speculations.

Unfortunately, cost accounting is no better understood by the Board than it is by many business men. The following instructions were issued to the factories in 1948 in a circular letter (1) under the head "Government Contracts" : -

"5. With regard to cost records, it is appreciated that the factories are submitting these as requested, but unfortunately, the figures are not being presented in the manner required for Board purposes. Perhaps an explanation of the purposes of these returns will help. These are : -

- (a) To establish whether prices obtained are adequate or otherwise.
- (b) To investigate the possibility that there may be some articles that sheltered employment should not undertake at all, whilst there may be others upon which we should concentrate.
- (c) To enable a thorough analysis to be made of the advantages of Government contracts as opposed to work from other sources.
- (d) To assist - by time analysis - in determining what further mechanisation is desirable.
- (e) To investigate the possibility that certain factories are, for some undetermined reason, better suited to certain types of work than are other factories.

"It will be apparent that if cost returns are to fulfil these functions, the first essential is accuracy. Here, some factories are failing badly. For example an average rate of pay may be quite suitable for estimating purposes, but it cannot and does not suffice for actual cost records. If every employee on the job was employed on it for an equal number of hours or was absent from it for an equal time, then an average rate of pay would be accurate, but this does not happen and the result of using an average rate reflects a labour cost that is either too low or too high.

Again, certain factories have submitted returns disclosing beyond all doubt that the materials used have been 'guessed' for the purpose of their so-called cost record. Yet again one factory has slumped two jobs into a single cost record.

"6. The information required is as under :-

- (a) Materials used and their cost. In the case of timber, 10% should be added for wastage.
- (b) Number of men employed on the job giving hours worked by each and his rate of pay. Also against each man should be shown his periods of absence if any.
- (c) Overheads and/or other relevant costs directly debitable to the job.

A sample ~~cost~~ record is attached (1) which provides all the figures required to make such analysis possible.

"7. It is hoped that this circular will finally clarify the position regarding the handling of Government contracts and that in future your full coöperation will be assured".

A comprehensive discussion of the common fallacies (2) reflected in this circular is beyond the scope of this thesis. The only comment which seems necessary is that the administration expenses of the sheltered employment scheme have been materially increased by the direct cost of compiling cost records "in the manner required for Board purposes".

In a more recent instruction the National Board has ruled that in all reports submitted to the Secretariat the quantity of materials used in any job is to be shown as the estimated amount which should have been used with ideal conversion (i.e., including only "normal" conversion wastage). This quantity multiplied by "the price" is the cost of materials for the Board's purposes. As no indication has been given what price should be used, the managers are at liberty to choose any of the methods of pricing materials which are described in the standard works on costing. On a rising raw material market it is to their advantage (3) to use replacement prices, on a falling market to use the "first in, first out" principle.

The necessity to compile cost records for the Board in this form places within easy reach of the management the means of ascertaining how much material is wasted on each job. This is a useful criterion for judging the efficiency of supervisors and operatives, though it is arguable that the expense of establishing it is justifiable only where the scale and complexity of production operations make it impossible to check wastage by personal observation.

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(2) The fallacies in such attempts to compute total (not to mention average) costs, especially in multi-product undertakings, have been exposed on numerous occasions. The following articles are directly relevant : -

- |               |  |
|---------------|--|
| W.T.Baxter:   | "Allocations of Oncosts between Departments" -<br>The Accountant, 5th Nov. 1938, p.633.    |
| R.S.Edwards:  | "The Rationale of Cost Accounting", in "Some<br>Business Problems", edited by A. Plant.    |
| R.H. Coase:   | "Business organisation and the Accountant" - The<br>Accountant, Oct-Dec., 1938.            |
| O.P.F.Horwood | "Cost Accounting and Business Administration" -<br>S.A. Journal of Economics, Sept., 1950. |

(3) In the sense that this will tend to persuade the Board's Secretariat to fix higher prices for the factory's products than they would otherwise do.

(1) See Table "C". page 111 below

TABLE C

EXAMPLE OF COST RECORD REQUIRED BY NATIONAL BOARD.

EX-SERVICEMEN'S INDUSTRIES - UNVOTI.

COST RECORD G.P.O. CONTRACT NO. 2000 - 20 STAMPING TABLES 6'0" x 4'0".

<u>MATERIALS</u>		£	s	d.
Oregon	18 Cubes @ 15/6 . . . . .	13.	19.	0.
Parana	176 Cubes @ 18/3 . . . . .	160.	12.	0.
Crating	40 Cubes @ 8/6 . . . . .	17.	0.	0.
Slate	20 Slabs @ 48/- . . . . .	48.	0.	0.
Rubber	220 lbs. @ 3/- . . . . .	33.	0.	0.
Hardware	20 @ 3/6 . . . . .	3.	10.	0.
Stain, etc.	20 @ 2/4 . . . . .	2.	6.	8.
Sundries	20 @ 3/5 . . . . .	3.	8.	4.
Add 10% on timber for wastage		19.	3.	0.
<u>Total Cost of Materials</u>		£300.19.0.		

<u>LABOUR</u>					
<u>Employee</u>	<u>Hours Worked</u>	<u>Hours Absent</u>	<u>Total Hours</u>	<u>Rate</u>	<u>Amount</u>
A	140	10	150	2/4	17.10. 0.
B	115	-	115	2/3	12.18. 9.
C	20	-	20	2/3	2. 5. 0.
D	120	6	126	2/7	16. 5. 6.
E	180	20	200	2/9	27.10. 0.
F	240	10	250	2/5	30. 4. 2.
G	10	-	10	2/4	1. 3. 4.
H	40	4	44	2/4	5. 2. 8.
J	52	13	65	2/7	8. 7.11.
Total Labour	917	63	980		£121. 7. 4.

Say Overheads                      980 hours @ 5d.                      20. 8. 4.

Total Workshop Costs                      £442.14. 8.

Contract Price £390, therefore Deficit                      £52.14. 8.

CHAPTER 10

OTHER MATTERS ON WHICH THE WILLIAMSON COMMITTEE REPORTED.

1. MINIMUM NUMBER OF SHELTERED EMPLOYEES PER FACTORY.

The Committee of Inquiry found that "the minimum number of eligible candidates awaiting sheltered employment required to justify opening a factory was 15", which they considered far too low. (1) In lieu of suggesting a new criterion, (2) they recommended that two of the smaller factories be closed, and that "no new factories be opened at this stage".<sup>(3)</sup> The following table (4) shows the number of employees (and their race distribution) in each factory at the time of the inquiry :

Factory	Europeans	Coloureds & Indians	Natives	Totals.
Bloemfontein, ESI	46	-	-	46
Cape Town, ESI	97	81	-	178
Cape Town, DSI	243	87	-	330
Cape Town, Slic.	-	132	-	132
Durban, ESI	60	6	4	70
East London, SEA	34	-	-	34
Grahamstown, SP	-	20	-	20
Johannesburg ESI European.	193	-	-	193
Johannesburg ESI non-European	-	136	6	142
Johannesburg MSWD (U) ) (5)	65	-	-	65
Johannesburg Rietvlei (MSWD) )	14	-	-	14
Johannesburg REEA (6)	23	-	-	23
Kimberley ESI	69	119	5	193
Pietersburg MOTHS	16	-	-	16
Pietersmaritzburg ESI	19	17	3	39
Port Elizabeth SP	62	69	1	132
Potchefstroom SEB	32	-	-	32
Pretoria C & I.	86	31	25	142
Totals	1,059	698	44	1,801

In consequence of the Williamson Committee's recommendation, the Pietersburg factory has been closed. The Grahamstown factory will be "merged

(1) U.G. 63/1949, p.9, Sec. 78.

(2) In practice the Board appears to regard 50 employees as a minimum (See page 116 below).

(3) U.G. 63/1949, p.10, Sec.82. (4) Ibid, p.24, Appendix 3.

(5) The initials M.S.W.D. stand for the (Johannesburg) Municipal Social Welfare Department which administers a sheltered employment factory (U) and farm (Rietvlei) under a special arrangement with the Board (See following note).

(6) The initials R.E.E.A. stand for Rand Epileptic Employment Association. Like the MSWD, this association has a special arrangement with the Board. They admit men to their sheltered employment scheme who do not meet the criteria of eligibility laid down by the Board, as well as those sent to them by the Placement Committee, but draw subsidy for the latter only. The figures quoted in the table are for subsidised employees only.

with the factory at Port Elizabeth when housing difficulties can be overcome". (1) In the meantime, it is operated as a subsidiary of the latter.

2. APARTHEID.

The Board has adopted the Committee's recommendation "that in principle Europeans and non-Europeans should be kept apart in sheltered employment factories". (2) In the Cape Town area there were three factories of which two employed both Europeans and Coloureds, while the third employed Coloureds only. The former have been amalgamated and it is intended that their Coloured employees will be transferred to the third.

3. THE ADMISSION OF NON-VETERANS TO URBAN SHELTERED EMPLOYMENT.

One of the terms of reference of the Williamson Committee was to report on :-

"The financial implications .... of extending sheltered employment facilities for ex-volunteers to civilians, notably blind persons, epileptics, cripples and other medically disabled persons". (3)

Those Europeans who suffer from epilepsy in a severe form, and the blind are discussed in sections 4 and 5 of this chapter; what follows in this section relates to other epileptics and to "cripples and other medically disabled persons".

The Committee considered that sheltered employment for non-veterans should be regarded as an alternative to the receipt of a disability grant paid under Act. No. 36 of 1946. (4) Under the Act a handicapped European or Coloured who is "unable to work", may draw a monthly grant up to a maximum of £6 for the former, or £3 for the latter. Those who draw these grants also receive supplementary allowances for dependants. (5) The average supplementary allowance is estimated to be approximately the same amount as the grant itself so that the cost to the state of grants to handicapped non-veterans is about £12 p.m. for a European and about £6 for a Coloured. In the Committee's words, "if they (handicapped Europeans) can be employed in sheltered employment at a residual loss of £12 per

(1) U.G. 63/1949, p.10, Sec. 81.

(2) Ibid, Sec. 86.

(3) Ibid, p.1. Sec. 2 (f)

(4) Sheltered employment for veterans is an alternative to the grant of a

(5) Under the Childrens Act

month, their admission is justifiable on financial grounds alone". (1)  
Within reasonable limits, the higher cost would be justified on the principle "that no beneficiary should subsist on a grant, a pension, or on charity; rather should one endeavour to let him do some work to contribute towards his keep, even though it costs the State more in the end", (2) since this may save his children from being demoralized by the spectacle of their father living in idleness.

The Committee stated that :-

"the cost of employing non-Europeans in sheltered employment in relation to disability and maintenance grants paid is much higher than the cost of employing European disabled persons". (3)

A member of the Committee subsequently explained that this is to be interpreted as follows : -

The cost to the State of disability grants and allowances for an unemployed disabled coloured man is £6 per month, and for a European £12 per month. If the loss incurred in the few sheltered employment factories which employ only Coloureds amounts to £15 per man per month, the "cost" is 150% of the disability and maintenance grant figure. If the loss incurred in European sheltered employment factories is £21 per man per month the "cost" is only 75% of the disability and maintenance grant figure. Thus, even though the amount by which the loss in sheltered employment exceeds the disability grant is the same, i.e. £9, for both classes, the "cost" of employing non-Europeans in sheltered employment is double that of Europeans, in the sense in which the Committee intended their statement to be understood. (4)

For this reason, and because "the combat of problems arising out of poor-whiteism is of paramount importance", (5) the Williamson Committee concluded that their recommendation on this point should be limited to Europeans. They proposed : -

"that sheltered employment should be opened to the civilian disabled who shall be most carefully selected. This development should be experimental and limited to the admission of not more than 350 European male disabled persons domiciled in centres where factories exist, nor shall the total number in sheltered employment exceed 1800 during the next five years.

They shall further be incapable of absorption into the open labour market even after a period of training such as is provided under the alternative training scheme in existence".

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(1) U.G. 63/1949, p.11. Sec. 107.

(2) Ibid, P. 12. Sec. 113.

(3) Ibid, p.12. Sec. 115.

(4) Dr. C.W.Wright, in a conversation with the author. In this connection see Table D. page.115.

(5) U.G. 63/1949, p.12. Sec. 115.



TABLE D. (1)

SUBSIDY PAID TO FACTORIES EMPLOYING ONLY EUROPEANS COMPARED  
WITH THAT PAID TO FACTORIES EMPLOYING ONLY COLOURED AND INDIANS.

	<u>HALF-YEAR ENDED:</u>	
	<u>30.9.49.</u>	<u>31.3.50.</u>
<u>ALL (7) EUROPEAN FACTORIES:</u>		
A. Actual loss per man per month.	£22.10.1.	£21.13.4.
B. Excess over £12. . . . .	10.10.1.	9.13.4.
C. Excess expressed as percentage of £12.	87%	80%
<u>ALL (3) COLOURED FACTORIES:</u>		
A. Actual loss per man per month	13.18.11.	14.19.11.
B. Excess over £6. . . . .	7.18.11.	8. 9.11.
C. Excess expressed as percentage of £6.	132%	150%
<u>EUROPEAN FACTORY WITH LOWEST LOSS:</u>		
A. Actual loss per man per month.	20.17.9.	20. 6.3.
B. Excess over £12. . . . .	8.17.9.	8. 6.3.
C. Excess expressed as percentage of £12.	74%	69%
<u>COLOURED FACTORY WITH LOWEST LOSS:</u>		
A. Actual loss per man per month.	9.12.3.	12.16.7.
B. Excess over £6. . . . .	3.12.2.	6.16.7.
C. Excess expressed as percentage of £6	60%	114%

(1) Based on statistics compiled by the National Board for Sheltered Employment.

On the approval of this recommendation by the Minister for Social Welfare and the Treasury, the Board issued a ruling that the maximum number of sheltered employees in each factory, during the five years commencing July 1950, would be as follows:-<sup>(1)</sup>

Factory	<u>EUROPEANS</u>		<u>COLOURED</u>	<u>TOTAL</u>
	Veterans (Male & Female)	non Veterans (Male only)	Veterans (Male only)	
Bleomfontein	36	14	-	50
Cape Town, DSI	239	86	-	325
Cape Town, Slic	-	-	170	170
Durban	55	20	10	85
East London	36	14	-	50
Johannesburg, ESI, E	165	60	-	225
Johannesburg, ESI, NE	-	-	100	100
Johannesburg, MSWD (U)	108	42	-	150
Kimberley	75	25	80	180
Pietermaritzburg	36	14	20	70
Port Elizabeth X	72	28	70	170
Potchefstroom	36	14	-	50
Pretoria	92	33	50	175
Totals	950	350	500	1,800

(X Includes Grahamstown sub-factory)

#### 4 EPILEPTICS IN SHELTERED EMPLOYMENT.

The Rand Epileptic Employment Association (R.E.E.A)<sup>(2)</sup> was caring for 25 handicapped people in 1944. In 1945, expecting that a large number of epileptics would be discharged from the Army, the Government requested the Association to provide accommodation for 75 ex-volunteers and contributed £80,000 (approximately) towards the cost of the necessary extensions. The extended accommodation (consisting of a hostel for 100 single men and 18 houses for families) has never been fully used; at the time of the Williamson inquiry there were only 50 occupants altogether.<sup>(3)</sup> This is largely due to the reluctance of handicapped people to leave their homes, however great may be the material advantages of institutional care. R. E. E. A. caters only for Europeans who suffer severely from

(1) Circular SWH 100/1 of 12th July 1950.

(2) See page 33 above.

(3) U. G. 63/1949, page 13.

epilepsy, but are not certifiable under the Mental Disorders Act. Thus only a small proportion of the total epileptic population is eligible for admission to the institution. Many others are admitted to the urban sheltered factories under the Board.

The Williamson Committee suggested that a survey be made of the incidence of epilepsy in the Union, and that no additional specialised sheltered employment facilities for epileptics be subsidised by the Government. (1)

5. SHELTERED EMPLOYMENT FOR THE BLIND.

Workshops for the civilian blind had been established independently of the urban sheltered employment scheme, (2) and the war blinded are cared for by St. Dunstan's (3) There are no blind workers in the sheltered employment factories which form the main subject matter of this thesis.

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(1) Ibid, page 13, Sec. 128.

(2) See page 30 above.

(3) See page 26 above.

CHAPTER 11.

A CONTRAST.

1. A WEAKNESS IN THE REPORT OF THE WILLIAMSON COMMITTEE.

We have now followed to the end the path traced by the Williamson Committee through the jungle of Urban Sheltered Employment in the Union of South Africa. We have seen that the Committee was pre-occupied with the unexpectedly high monetary cost of the scheme and that its recommendations were, in the main, intended to reduce that cost.

In consequence of this pre-occupation their approach to the problem leaves an impression of being completely negative. They advocated a reduction in the starting wage, and greater difficulty in progressing to higher wages; reduced leave and sick benefits; closer official control of expenditure in the factories; the discharge of the more seriously disabled men. Not even in their discussion of the number of activities in each factory, or of the suitability of the accommodation, did they exhibit any awareness that their recommendations on these subjects might have been reached by a quite different approach.

In other words, they looked for ways of reducing expenses - not for the means of increasing revenue. This omission is the more surprising in that at least one member of the Committee was aware that "of all the factories .... there were only one or two which in any way approached .... what a factory should be". (1) It is difficult to understand how Mr. Rupert, who made this observation, could fail to draw the conclusion that the scheme needed, not more red-tape, but more business-like administration. An attempt will be made, in the following chapter, to detail proposals that would meet this need. To set some sort of criterion, the author proposes to preface that attempt by a description of "Haven Products - a Scottish experiment in the employment of severely disabled men". (2)

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(1) Mr. A.E. Rupert's memorandum: App. 7 to U.G. 63/1949.

(2) Title and sub-title of brochure by Messrs. A.E. Turner, T.A. Stirrat & T. Ferguson published by the Nuffield Provincial Hospitals Trust (London & Edinburgh) in 1948. With the kind consent of the authors and publishers of this brochure, it has been used as the basis for the following section of this chapter.

## 2. HAVEN PRODUCTS

There could scarcely be a greater contrast to South African sheltered employment factories than this sheltered workshop on the Hillington Industrial Estate, near Glasgow. Early in 1945 the Tenants' Association of the Estate, after discussion with members of the staff of the Western Infirmary, decided to sponsor a plan "for the provision of a sheltered workshop on the Estate, as a fitting memorial to those who lived, or died, fighting and working in the cause of freedom". A working party was set up to investigate the plan and to make preliminary arrangements. They obtained a three-year sub-contract from the manufacturers of certain electrically heated pads and blankets which "rendered possible the early opening of the sheltered workshop". (1)

Haven Products Ltd. was incorporated on 27th February 1946, with a paid-up capital of £6,000, as a "private company to provide facilities for persons registered under the Disabled Persons (Employment) Act., 1944, to have employment and to manufacture electro-thermic quilts, etc. The Company's Constitution provides that no distribution of profits may be made to its shareholders. Any surplus arising on its activities must be devoted to the objects for which it was formed". (2)

The process of manufacture was studied as a basis for arranging the lay-out of the workshop.

"Since it was contemplated that quite a number of paralysed men would be employed at the Hillington factory, negotiations were opened with the manufacturers for the production of machines with controls that would lend themselves to adaptation to individual requirements. Suitable controls were duly devised and, apart from meeting other requirements, turned out to be rather cheaper than the standard treadle-control machine.

Benches were constructed to a design that would allow a chair-bound worker to manoeuvre into a comfortable working position, and the lay-out of the benches was arranged to allow free access to and from these positions. Doors were specified of a width to allow the passage of invalid chairs. Rest-room facilities were provided, and arrangements made to install heating equipment well in excess of statutory requirements. Special attention was paid to the provision of suitable lavatory accommodation for chair-bound employees, and supporting rails were conveniently placed with overhead trapeze to enable a chair-bound patient to make full use of his arms.

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(1) Ibid, page 2.

Ample lighting was provided, and the workshop was brightly decorated, yellow and green being chosen as the colour scheme. Canteen facilities were available on the Estate within a short distance of the factory, and arrangements were made for the disabled men to be given service at a Cafeteria on the ground floor.

The demands of the several jobs in the manufacturing process were analysed and a schedule showing the requirements for each prepared for the information of the panels of the Medical Advisory Committee which were to be responsible for selecting the employees. Most of the men are employed in machining; element-wiring, or flex-fitting - power-driven sewing machines, using controls modified to suit individual disabilities .... threading of needles; changing of spools, etc., calls for full use of the hands. Element-wiring lends itself to the employment of the most severely disabled; it entails threading element wire back and forward across a table from one worker to another through twenty "pockets" of the blanket, using a 3-foot threading rod for the purpose. Flex-wiring requires the normal use of both hands and involves simple light soldering". (1)

The workshop was opened on 25th March 1946, with a Manager and three disabled men, of whom two were foremen and the third the store-keeper. "Further disabled men were gradually brought into employment until the workshop was fully staffed". (2) The Ministry of Labour agreed to pay training allowances for twenty-six weeks for each disabled worker. Apart from this, the scheme has been self-supporting. (3) A wage of 2/1<sup>1</sup>/<sub>2</sub>d per hour (originally 2/-.) is paid for a 40 hour working week. There is no payment for absent time. A bonus which averaged £8 per man was paid in the first year.

Hospitals, the Red Cross and similar organisations were invited to submit to the Medical Advisory Committee the names of seriously disabled men. The Committee investigated each case submitted, and selected those who showed "a reasonable prospect of being able to do at least moderately well one of the several jobs into which the work of the factory fell", but whose disabilities were "so severe that they had little or no prospect of obtaining or holding work under ordinary industrial conditions". The only exception to the latter part of this rule was that a few men with less severe disabilities were accepted for certain key positions which required a "degree of mobility and relative fitness". (4)

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(1) Ibid, pages 3 & 4.

(2) Ibid, page 4.

(3) But it receives the voluntary assistance of an Accountant.

It is claimed that the scheme has been a success from every point of view - regularity of attendance, output, financial stability and the psychological effects on the men. (1) The following extracts from the brochure seem to indicate some of the reasons for this success :-

"Experience of two years working of the sheltered shop at Hillington has amply demonstrated that many severely disabled men can work successfully under carefully selected working conditions. The work must be such as to afford a reasonable profit margin and compatible with a fair variety of jobs under good environmental conditions. There is reason to believe that, given such conditions, men who are even very severely disabled may be fitted into work at which their productive output stands comparison with that of normal workers. It is true, of course, that a proportion of such men, no matter how anxious, cannot reach an economic level; so it is essential to build up a carefully balanced team. The precise balance of the team will fall to be determined in the light of the needs of the particular job involved .... One of the most striking features of this Hillington venture has been the immense measure of goodwill which has permeated it throughout. The tenants on the Estate, the Estate Company, medical consultants and social workers in the area, the men themselves, and a whole host of public agencies and private individuals have given tangible evidence of their interest in the scheme and their desire to help. In view of the number of disabled people for whom provision of this kind could profitable be made, it is important to try to harness the great volume of goodwill which has been shown to exist". (2)

3. COMPARISON OF HAVEN PRODUCTS WITH THE SOUTH AFRICAN SHELTERED EMPLOYMENT FACTORIES.

The differences between Haven Products and Urban Sheltered Employment in South Africa may be useful pointers to means of improving the efficiency of the latter. The more important are tabulated below:

HAVEN PRODUCTS:

1. Control is completely decentralised.
2. The Board of Directors is appointed by a group of industrialists who contributed (by donation) the original capital, and who will be responsible (in the first place) to make good any operating short-fall that may be incurred.

SOUTH AFRICAN SHELTERED FACTORIES.

1. There is a considerable degree of centralisation of control (by the National Board for Sheltered Employment), and the Williamson Committee recommended that it be made absolute.
2. Management committees are appointed by philanthropic associations who have not necessarily made any financial contributions towards the capital or the running expenses of the factories, and who cannot be called on to make such contributions.

(1) Ibid, page 9.

(2) Ibid, pages 11, 12.

3. The administrative and supervisory staff is very small and consists mainly of disabled men.
4. Employees are paid only for time worked, but they receive a six-monthly bonus.
5. The factory is highly specialised for the manufacture of a single product, which lends itself to "production line" methods so that the individual worker is not required to be highly skilled.
6. Most of the men are employed in sedentary jobs.
7. The factory is designed to accommodate severely disabled men, and employs 80% in that category; working conditions seem to be excellent.
8. A balanced "team" of workers has been built so that the less productive are "carried" by the more productive. (1)
9. Labour turnover is extremely small.
10. The factory is designed to accommodate about 50 men; the strength at the end of two years operating was 45.
11. The factory does not bear the cost of trainees' wages for the first six months.
12. Employees are selected partly for their aptitude for the work of the factory.
13. There is a highly developed national scheme for placing disabled men in ordinary employment; it is probable that this limits the applicants for sheltered employment to those whose direct productivity in ordinary employment would be extremely low.
3. Comparatively large staff employed: disabled men cannot be appointed because regulations require new staff to pass medical examination.
4. There is generous provision for "sick" pay and annual vacation leave, but none for a "bonus" of any sort.
5. The factories are not specialised; most of them produce furniture "to order", an occupation which requires individual workers to be highly skilled.
6. Very few - in some factories, none of the men have sedentary jobs.
7. The factories are not designed to employ disabled men; in many cases working conditions are extremely bad (factory inspectors would not tolerate them in private factories); very few severely disabled men are employed.
8. The less productive are discharged.
9. Labour turnover is very high.
10. The factories are relatively large.
11. The factory bears the full cost of trainees from the start.
12. There is no official provision for taking regard of the aptitude of candidates for the type of employment available.
13. Any unemployed man who has a clearly defined handicap may be admitted to sheltered employment; there is no special service to assist them to obtain ordinary employment.

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(1) Mr. Hugh S. Rowan, who has been the Chairman of Haven Products since its inception, considers that one of the most important duties of the Manager is to instil in the disabled workers "a feeling of good fellowship and teamwork where the lesser productive man is carried on the shoulders of those who are able to do just a little bit more". (Letter to the author, 6th June 1951.)



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|---|--|
| 14. The "great volume of goodwill which has been shown to exist" is exploited.                                  | 14. Voluntary assistance tends to be regarded as of little value; centralised bureaucratic control leaves little scope for the exploitation of local goodwill.   |
| 15. The factory is situated in an industrial estate and has the benefit of the communal services of the estate. | 15. Factory sites seem to have been chosen regardless of either industrial convenience or accessibility.   |
| 16. The national economy is highly industrialised.  | 16. Secondary industries are not highly developed in South Africa.   |
| 17. It is regarded as natural to make an ordinary commercial contract to dispose of the finished product.       | 17. Such a contract would be considered likely to arouse the antagonism of private industry; "unfair competition" must be avoided; the factories are to produce only what the manufacturers' associations "would not object" to their manufacturing. |

(Wages and hours of work are reasonably comparable).

The difference between the degree of success claimed by Haven Products and that achieved by the South African urban sheltered employment scheme is so great that it is reasonable to regard the practice of the former, *prima facie*, as likely to be more efficient than that of the latter. In the following chapter the author does not rely on this suggestion, but it will be found that the changes advocated for the South African system would have the effect of reducing the dissimilarity between the two schemes.

CHAPTER 12.

SUGGESTIONS FOR REDUCING THE LOSS ON SHELTERED EMPLOYMENT IN SOUTH AFRICA.

1. SOME ANALOGIES.

The Union of South Africa may be regarded, for our present purposes, as an entrepreneur who has invested a considerable amount of capital in a business which is not yielding the returns he expected, and who is precluded, by long term contracts he has made with his employees, from either discharging a large number of men or reducing substantially their wages. He has ample reserves of capital available for investment, and a highly elastic demand for his products.

Any entrepreneur who found himself in this position would undoubtedly check his list of "overheads" to discover and eliminate any wastes and would do anything possible to improve the efficiency of his buying office to ensure that he paid the lowest possible prices for his raw material consistent with adequate quality. But his main hope would be to find means of increasing the productivity of his organisation. He would investigate the possibility of increasing the degree of mechanisation, and would introduce a system of incentive payments in his wage scheme. He would seize any opportunity of securing a large return on additional capital investment. If he found ten men doing by hand what one could do by machine, he would put in the machine and transfer the nine men so released to some other section, the output of which could be expanded profitably.

It is not necessary to examine this analogy closely; it has been put forward solely as a reminder that losses are not necessarily best avoided by concentrating attention on the reduction of expenses. Far better results can frequently be achieved by increasing output.

The economic theory of the effects of wage regulation on capital investment gives us a similar lead. Faced with an increase in wage rates, above what they would be under competition, an entrepreneur would find it profitable to change the method of production so as to employ less labour and more capital. If he is precluded from discharging employees, and the

still be profitable (provided interest charges are low).

We are now in a position to start looking for the best means of reducing the losses on the South African sheltered employment factories.

## 2. THE MANUFACTURE OF GOVERNMENT REQUIREMENTS.

We have seen (1) that the regulations require urban sheltered employment factories to produce only to the orders of Government departments. The orders are allocated among the factories by the Secretariat of the National Board, which also determines the prices (in consultation with the purchasing departments). The management of the factory is precluded from canvassing for additional orders; (2) provided those received are fulfilled, the raw material purchased to the best advantage, and waste of material in conversion avoided, there is nothing that the management can do to increase the gross revenue of the factory.

The factory is required to fulfil every order transmitted to it by the Board, whether the order is suitable or not. In the wood-work sections this has peculiar consequences. Before sheltered employment was established the Cape Provincial Administration, for example, used to purchase from merchants their requirements of minor office and domestic furniture, of which their consumption is as little as one or two pieces per year in some cases. They were perfectly satisfied to take from the merchants' stock the mass-produced piece which most nearly met their requirements. Now, at the earnest request of the sheltered employment authorities, they go to the trouble of preparing exact plans and specifications of each of these articles and order them through the National Board. The Board passes the order to a factory which then has the invidious task of producing a purpose built article at a mass production price.

Since the factories are organised for mass production, each purpose built article they produce seriously impedes the flow of work. Five

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(1) Page 94 above.

(2) In this discussion, the possibility of obtaining extra revenue by breaking the regulations is ignored. If a regulation is bad, it should be amended - a subordinate should not be required to take the responsibility of breaking it.

separate orders for one cupboard, each to different designs, take more of an instructor's time and tie up machines for a longer period than one order for fifty. Such purpose built items can be assembled only by the best trained men. A number of small orders need more attention from the administrative staff than one big order. Yet, to a sheltered employment the purpose factory built articles produce one-tenth as much gross revenue as the single large order. Thus a factory which might earn a revenue of £3,000 per month on mass production, may be unable to earn more than £300 on purpose built articles (at mass production prices).

This is a serious obstacle to the progress of the wood-working section (the biggest part) of the sheltered employment scheme. At the author's factory, the receipt of an order which can be mass-produced is relatively rare, whereas orders for purpose built items are all too common. (1) (This seems to be the case at most of the factories.) Nevertheless, despite the consequent reduction in manufacturing capacity, the factory has not been kept fully occupied by Government orders at any period of its existence. (This, also, seems to have been the case at most sheltered employment factories.) (2)

Since the revenue that can be earned under this policy is insufficient to meet the unavoidable expenses of the factories (or even to bring the loss down to a tolerable level), factory managers tend to complain that the prices are too low. They maintain constant pressure on the Secretariat to have them raised. We have seen (3) that the Secretariat propose to use records of historical costs as a lever to transmit this pressure to the purchasing departments. The longer the

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- (1) Dr. Wright, the Director of Readjustment Service, has recently suggested to the author that he seek the approval of the National Board for the establishment at his factory of a separate workshop (equipped with suitable small machines) to specialise in making purpose built furniture. This may be an excellent solution of the problem of making the best use of the main workshops.
  - (2) An additional, though not inherent, defect of the present system is the fact that the allocation of orders among the factories seems to be made by the Board without regard to the advantages of specialisation. There is a vast difference between making chairs and making cupboards; but all chairs have certain features in common, as have all cupboards. Yet, except that repeat orders are usually sent to the original manufacturer, no effort seems to have been made to develop one factory as primarily chair-makers, another as a specialist in cupboards, etc.
  - (3) See page 109 above.

policy is maintained, the more difficult it will be for the latter to resist the leverage, since they will be moving progressively further out of touch with the competitive market. The time may eventually be reached when they are paying sheltered employment factories such high prices that the revenue will meet the costs, and the Board will acclaim the success of its policy! As this point is approached, what little incentive there is to run the factories efficiently will be gradually reduced and the purchasing departments may well find themselves paying not only for both patent and concealed idle time but also for wastes in purchasing and in converting material.

It must be conceded that the policy has certain legitimate advantages. The factories run no risk of incurring bad debts and they avoid advertising and some other distribution expenses. The purchasing departments get prompt and satisfactory delivery of their requirements. It cannot, however, be conceded that there is any substance in what is alleged to be the policy's main advantage: that it avoids "unfair competition" with ordinary manufacturers. Given the existence of subsidised sheltered employment factories manufacturing for sale, it cannot make any real difference to other manufacturers whether the former sell their products to the public or to the public service. In either case the private entrepreneur loses the opportunity of meeting that particular portion of the demand for his products.

The present policy has deprived certain manufacturers of contracts for the supply of school furniture. If the policy had not been introduced, it is probable that one of the sheltered employment factories which have made the school furniture would have specialised in kitchen furniture. As it is, one of the non-sheltered factories which previously manufactured large quantities of school furniture, has recently started making kitchen furniture.

The "unfair competition" argument seems to stem from fear that the managers of sheltered employment factories would fix unduly low prices for their output to ensure easy selling. This seems improbable; the managers would be directly responsible for the level of the losses

incurred by their factories and would have powerful incentives (1) to sell their output at the market price. It might be reasonable to argue that the general price level for their products would be lower because of the existence of sheltered employment, but this is another matter. If competition has been so ineffective in that market, that the sale of the output of a sheltered employment factory causes a material long-run fall in price, the same result (as far as profit and loss accounts are concerned, at any rate) may be expected if other manufacturers are deprived of their usual share of Government contracts. (2)

Under the circumstances it is significant that representatives of the Furniture Industry should have given to the Williamson Committee evidence to the effect that the industry would object to sheltered employment factories supplying the "normal" trade, but not to their supplying the requirements of Government departments. (3) If one credits the industry's representatives with knowledge of their own best interests, one must believe that there was a sufficient degree of monopolistic organisation of the industry to enable high prices to be maintained by restrictive devices in the "normal" market, but that the organisation was insufficiently developed to prevent competition for Government contracts. Then, if they regarded sheltered employment as inevitable, their evidence was reasonable; they were giving up the less profitable business.

If the argument of the last paragraph is correct, there can be no more cogent reason for reversing the present policy of the Board. To insist on sheltered employment competing with ordinary industry would confer an immediate benefit on the consumer if it made a breach, however small, in the wall of monopolistic privilege.

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(1) Which could be reinforced by appropriate changes in their conditions of service.

(2) It seems obvious that if sheltered employment factories were established in a competitive economy, which was in equilibrium, the marginal firms with which they came into competition would be unable to earn sufficient revenue to cover replacements of plant. This is a long way removed from the actual situation in South Africa when the urban sheltered employment scheme was introduced. In any case it does not affect the argument.

(3) U.G. 63/1949, p.8, Sec. 62.

There is one other aspect of the present policy which must be mentioned; the Government has accepted the Williamson Committee's recommendation that the total strength be maintained at 1,800 sheltered employees for five years. The author estimates that the operating costs (excluding purchases of raw material) will approximate to £900,000 per annum (1) towards the end of this period. Mr. A.E. Rupert estimated that the Government would have to pay about £256,000 per annum in additional pensions and other grants if sheltered employment were closed, and every employee given an appropriate award. (2) The minimum gross profit that the scheme must be able to earn to justify it in the eyes of Treasury officials is, therefore, £900,000 minus £256,000, say £640,000 per annum. From this point of view, the present policy cannot possibly be defended unless the Government's purchases of the approved products of sheltered employment would yield £640,000 gross profit per annum. (3) It is surprising that the Williamson Committee omitted to verify this.

Even if investigation did show £640,000 potential annual gross profit, this could not be accepted as completely satisfactory. A policy which is based on tolerance of a loss is dangerous, and we have the example of Haven Products to show that it is not inevitable. At the least the management committees should have the assurance that the potential market for their products is sufficient to enable them - if they can overcome the technical difficulties - to operate their factories at no loss. In other words, the required potential revenue is £900,000 per annum.

We have not yet reached the end of the story. The only practicable method of solving the pricing difficulty is for the annual requirements of every item to be bought by Public Tender at least once every three or four years. (4) On the four year basis, one quarter of the total

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(1) Almost all of which would be unavoidable costs.

(2) U.G. 63/1949, Appendix VII.

(3) Total volume of purchases of approved lines would have to be about one million pounds per annum to yield £640,000 gross profit. For these purposes gross profit is the amount by which the proceeds of sales exceed purchases of raw material, allowing for adjustments to the value of stocks on hand.

(4) See page 107 above.

potential revenue would go to non-sheltered manufacturers each year. The Government's total purchases of approved products of sheltered employment must therefore be sufficient to produce £1,200,000 gross profit to the manufacturers each year, which means that the gross value of the contracts placed would have to be about £2,000,000. This is four or five times the gross value of the contracts actually received by the Board during the whole time (three years) that the policy has been in operation! (1)

This discussion of the merits of the policy of manufacturing exclusively to government orders for a limited range of products has shown that they are not of a high order. Some minor advantages, from the point of view of the sheltered employment scheme, are heavily outweighed by disadvantages both from that point of view and from those of the tax-payer and of the consumer. It does not seem necessary to await the outcome of a belated investigation of the extent of the Government's demand before suggesting some important modifications.

First, the factories should be informed that all objections to their supplying non-official consumers are withdrawn. Second, the Treasury instructions to government departments about buying from sheltered employment should be amended to provide (a) that all their routine requirements be purchased by public tender at least once every four years and that the prices fixed on those occasions be used to determine the prices to be paid to sheltered employment in the following years, (2) and (b) that no article be purchased from sheltered employment on a purpose-built basis if a mass-produced equivalent is available in merchants' stocks. Third, the specifications for the routine requirements of the Union Government departments and the various administrations should be standardised. Fourth, the requirements should be classified

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(1) Sufficiently accurate calculation of the figures quoted in this discussion would not be difficult, with departmental backing. The author has not, however, been able to obtain such backing.

The figure of £2,000,000 may be regarded as his informed guess, based upon his observations of the pattern of official orders hitherto received by the sheltered employment scheme. In September 1950, the Technical Inspector to the Board mentioned in conversation that the total value of orders received to that date was about £400,000.

(2) Allowance being made for changes in the prices of raw materials.



and each class permanently allocated to an individual factory so as to facilitate specialisation. Fifth, the management committees should be given the earliest possible information as to the volume of government orders they may expect to receive each year.

If these steps are taken, it will be reasonable to hold the management committees responsible for the turnover of the factories. To ensure that they are capable of bearing this responsibility, their composition should be strengthened.

### 3. COMPOSITION OF MANAGEMENT COMMITTEES

We noticed (in Chapter 5 above) that the present method of appointing management committees is not specifically designed to ensure that any members are selected for their business acumen. Because of the circumstances, those who launched sheltered employment appealed for aid in organising the factories only to associations interested in the welfare of soldiers and veterans. There is no good reason why they should not have enlisted the aid of organised industry and trade at this level, as they did when they formed the National Board. There is sufficient goodwill towards the disabled (whether veteran or non-veteran) to ensure that this aid would be available, and the coöperation of local Chambers of Industry and of Commerce in the management of the factories would not only give the latter the chance of benefiting from the business acumen of members of the former, but also go a long way to remove hostility to sheltered employment and the fear of so-called "unfair competition".

There must, however, be safeguards against the possibility of the scheme being twisted to serve sectional interests. The Universities and Technical Colleges have staff who could be relied on to provide the safeguards admirably.

The existing management committees deserve consideration for the work they have done in establishing the factories. For this reason, as well as to secure reasonable continuity of the conduct of factory affairs, they should not be displaced entirely.

A host of combinations is possible. It is suggested that the following would be as good as any:

- (a) Two members of the existing management committee, as representatives of the parent association which sponsored the factory.
- (b) One representative each of the local Chambers of Industry and of Commerce, who should have no active present interest in a concern with which the sheltered employment factory competes.
- (c) One representative of the Department of Commerce of the local University (or Technical College, when there is no University) who should be chairman.

Each member should have the right to appoint a regular alternate, but should nevertheless lose his seat on the committee automatically if he misses three successive meetings without formal leave.

There should be provision for an annual conference of representatives of management committees. This conference should discuss the policy of the sheltered employment scheme on a national level, and frame recommendations for the guidance of the National Board. The Board itself should be reconstituted so as to include a majority of members elected by the conference.

This arrangement would remove the grounds for the present feeling of frustration among management committees. At present they have no direct influence in the deliberations of the National Board and no power of curbing bureaucratic tendencies in the Board's secretariat.

#### 4. ADDITIONAL CAPITAL EXPENDITURE

We have now cleared the way for an examination of the means of increasing the productivity of the sheltered employees. One of the most important is improved mechanisation.

Machines have a special significance for the handicapped worker, in that they give him the opportunity to work as efficiently as the able-bodied. There are two aspects to this proposition: first, there is the obvious advantage to the physically weak of having at his disposal electricity or some other source of power which minimises the effort he is required to make; second, there is the fact that it is very often

easy to select or to modify the controls of a machine in such a way that the handicapped can operate it as easily and as well as the able-bodied.

As we have seen, (1) the Technical Inspector (who advises the National Board on these matters) recognised in 1947 that an incidental advantage of the policy of manufacturing the State Departments' requirements of certain articles was that it would facilitate the mechanisation of the factories. There is no doubt that this has been the case. He has been able to support the applications of management committees for authority to purchase particular machines by pointing to departmental contracts which could be undertaken only if these machines were available. In consequence, the factories are now far more heavily mechanised than they were in 1947.

Unfortunately, however, the expedient of justifying the purchase of the machine by the existence of a departmental requirement has proved a boomerang. It will be remembered that the National Board accepted the Williamson Committee's recommendations that the output of the factories be limited to the departmental, etc., requirements of a specified range of articles. (2) The acceptance of this limitation, and of the principle that a sheltered employee may not be discharged merely on the grounds that he is redundant, now has the implication that the Board will not approve the purchase of additional machines unless it can be shown that the existing resources of the sheltered employment scheme as a whole are insufficient to meet this artificially limited demand.

Once this limitation has been removed it will undoubtedly be possible to make out a strong case for installing many more machines in most, if not all, of the factories. We must leave to the new management committees the task of determining, in the light of the principles discussed above, what additional capital equipment is required in each activity in each factory. They will not be deterred from installing new machines by the thought that the consequence will be to reduce the amount of labour required to achieve a given output. It will be their function to provide alternative productive employment for the labour thus displaced, either by expanding the saleable output from existing activities in the factory, or by breaking into new fields of production.

(1) See page 93 above.

(2) See page 95 above.

5. MANUFACTURING ACTIVITIES.

The first consideration in choosing an activity for sheltered employment must always be the limitations imposed by the range of disabilities of the candidates for that employment. Within these limitations, the problem in a competitive society would be the same as that of an entrepreneur choosing the field for a new investment. In the present South African economy the sheltered employment authority has the advantage over the private entrepreneur of being unfettered by the system of labour protection which has been developed. A consequence of this system is that the best opportunities for establishing sheltered employment factories (to operate at the lowest possible cost to the State) will probably be found in those fields in which labour is most effectively protected by the Industrial Councils. (1)

6. PROPERLY DESIGNED BUILDINGS

It goes without saying that the new management committees would measure the desirability of rehousing the factories by the criteria they would apply to any other new capital expenditure. It is extremely probable that most of them would be very anxious indeed to secure properly designed accommodation. One of the bigger individual causes of the losses at present being incurred by sheltered employment is the lack of such accommodation - the buildings occupied by some of the factories could hardly be more unsuitable if they had been deliberately designed to prevent efficient manufacturing.

7. INCENTIVES

Before new buildings could be designed it would be necessary for the management committees to have formed a fairly clear idea of a reasonable production target. This means that there would have to be a

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(1) For the reason that private entrepreneurs will have been discouraged from making new investments in these fields by the relatively high cost of labour in them. Since the wages paid to sheltered employees are not fixed under the Industrial Agreements administered by the Councils, this is no deterrent to the sheltered employment authority. In fact, the higher the minimum wages under the Industrial Agreement, the better the prospect for a sheltered employment factory.

fresh period of experimentation during which they would investigate very carefully the potential productivity of the individual sheltered employee. Since individual productivity frequently varies with the incentives offered to the worker, they would consider the possibility of using this device in their factories.

It is customary to regard such schemes as inappropriate to sheltered employment. It is alleged that they would harm disabled workers by encouraging them to overstrain themselves. The author's experience makes him doubt the validity of this allegation. In the first place, factory work does not - in the light industries - impose a considerable physical strain. Second, most sheltered employees could probably work much harder than they do without hurting themselves,(1) and those who have ever been warned by a doctor that they suffer from a condition which would be aggravated by heavy work take such good care of themselves that no incentive system would tempt them into danger. Third, there is no difficulty in placing those who are the worst risk (from this point of view) in the lightest jobs, where even maximum productivity can be achieved without physical effort.

Mental strain is of greater importance. But it seems to the author that it is more likely to be incurred at home than in the factory. Any incentive scheme which enabled the worker to increase his income would tend to reduce the likelihood of his worrying at home about its inadequacy. However callous it may sound, it is probably also true that a man who leaves the factory tired will sleep better and longer and have less difficulty in ignoring unsatisfactory conditions at home, than one who has had ample leisure during working hours to prepare himself for the home-coming by brooding over the welcome he is likely to receive. (2).

- (1) This statement is based on observation. From time to time the employees at the author's factory have been called on to make an intensive effort. There have been no signs of an increased incidence of sickness during or after such an occasion.
- (2) It is obviously important that unproductive physical fatigue be avoided. Much could be done by using simple motion studies even in the present factories, but far greater results may be expected when they are rehoused in properly designed buildings.

Excessive mental strain results from placing a man on a job beyond his mental capacity, and discontent from assigning him to work which makes too little call on his ability. Both these extremes can be avoided by using proper placement technique, provided the range of available jobs is sufficient.

When it was suggested that an elementary incentive to regularity of attendance be introduced, an official of the Board's secretariat objected that it would have the result of encouraging sick men to come to work, and prolong and aggravate their sickness. This has not been borne out by experience of the application of the scheme. Indeed, the District Surgeon for the Cape Town factories considers that such an incentive is more likely to be positively beneficial than harmful to the men. In his opinion their greatest need is encouragement to make the necessary mental effort to combat the lassitude which accompanies even minor illnesses. In general, they benefit from regularity of employment and they throw off many illnesses more readily in the factory than at home, particularly if "home" is an insanitary hovel. Those who come to work with high temperatures and similar dangerous symptoms are very rare; they are usually readily detected and sent home (or to hospital) after receiving medical attention. Even they may benefit from coming to the factory since they receive that attention sooner there than at home.

These considerations incline the author to the belief that the attitude of some welfare workers to the application of incentive schemes to Urban Sheltered Employment (which does not cater for the most severely disabled) may be the product of custom-thought fathered by Trade Union propaganda against incentive pay schemes in general. Nevertheless, a cautious approach to the problem is indicated.

A beginning could be made by paying a small weekly bonus to every man whose attendance for the week was perfect. This scheme was recently introduced at the author's factory and, as was mentioned above, has had no recognisable ill effects on the employees. A more positive advantage is that their punctuality has improved considerably.

The wage scales themselves should be made as flexible as possible. As long as the factories operate at a loss it will be necessary to fix a maximum wage so as to limit the subsidy which the tax-payer contributes to the scheme. It is reasonable that the authorities should also stipulate a minimum wage related to the scale of social security benefits accepted as reasonable by the Government of the day. Between these limits,

the wage of each worker should be fixed according to the manager's estimate of his relative productivity, regardless of the length of his service. (1)

In addition, a monthly bonus might be paid in the following way: -

- (a) The latest audited manufacturing, trading and profit and loss account would be published for the information of the employees, with an estimate of the current rate of monthly gross profit.
- (b) The estimated monthly gross profit required to "break even" would be calculated and explained to the employees. (2) Every effort should be made to ensure that they understand the basis of the calculation and the connection with the audited figures.
- (c) It would be explained that as soon as the "break even" figure is reached a monthly bonus based on profits will be paid.
- (d) In the meantime - since distant rewards are small incentive - a small progress bonus would be offered. The difference between present monthly gross profit and the break-even figure would be divided into reasonable stages and the undertaking given that in the first month that each stage was reached the factory would pay a bonus of, say, 10% of the individual's earnings for that month.

It is important that the production bonus scheme should apply to the salaried staff as well as to the sheltered employees.

Finally, as much use as possible should be made of non-monetary incentives. (3) Interest in the factory's progress should be stimulated by publication of operating results in a "house" news bulletin. The bulletin should also name individuals whose work performance or training progress has been meritorious, and should carry letters from satisfied customers (and, occasionally, from dissatisfied) comparing the quality

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- (1) The inclusion of the manager in the bonus scheme discussed in the following paragraph of the text should be sufficient to ensure that he would not allow himself to be unduly influenced by compassionate considerations in fixing the wages of individual workers. If a stronger sanction were required it could be provided by making the award of the manager's own annual salary increment conditional on the factory's subsidy being less than the amount which would have been paid to the workers at the stipulated minimum wage rate if they had received no increments whatever.
  - (2) Care being taken to explain that it would have to be re-calculated from time to time to allow for changes in expenses.
  - (3) It is one of the major disadvantages of sheltered employment that it cannot use the greatest incentive of all, the desire to show that one is as good as the next man. Unless he is suffering from compensation neurosis, a disabled person in ordinary employment will usually make great efforts to show that his work performance is in no way inferior to that of his able-bodied colleagues.

of the factory's product with that of non-sheltered industry. Joint committees of elected representatives of the workers and nominees of the management should be set up to direct the bulletin, organise lunch-hour entertainments, etc. When the workers have gained sufficient experience of this type of coöperation it should be possible to use a committee of this sort for the discussion of production problems.

#### 8. POTENTIAL PRODUCTIVITY.

With business-like administration, increased mechanisation, some incentive to give their best, and efficient working conditions, there is no reason why the productivity of urban sheltered employees should not be adequate to make the factories self-supporting. This assertion is based not only on the evidence of the example of Haven Products, but also on the results of investigation into the productivity of the disabled in ordinary industry which are discussed in the following chapter.

It is, however, subject to the proviso that every man in every factory is employed on a job suitable to his remaining capacity; in other words, on a job which makes no call whatever for the use of that part of him which is defective.

The importance of placement of the handicapped in accordance with this principle (which will be discussed in another context in the next chapter) is self-evident. The rule can be applied to urban sheltered employment under the present regulations only by discharging those men for whom suitable employment cannot be found in the limited range of permitted activities. (1) It would facilitate the management of the factories and make for a better spirit among the employees if the number of occasions on which this action was necessary were reduced to a minimum. To this end, a representative of the management committee should be substituted for the Labour Department official on the Placement Committee (2) and arrangements should be made for all candidates

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- (1) Under the rules about the probation period, and the criterion of "50% productivity". (Chapter 6 above).
  - (2) See Chapter 6 above. The requirement that the admission certificate be countersigned by an employment officer of the Department of Labour should be retained as a safeguard against the admission to sheltered employment of men who might be placed in ordinary employment with the existing facilities at the officer's disposal.



to visit the factory before being interviewed by the Placement Committee. This preliminary visit to the factory will give the manager an opportunity to make a rough assessment of the candidate's aptitude and remaining physical capacity. The candidate will be able to gain a clear understanding of what will be required of him if he is accepted. If a satisfactory aptitude test (of the sort developed for the Air Force during the Second World War) can be devised, it should be used to supplement the manager's judgement of the candidate. Only those for whom suitable vacancies appear to be available should be accepted.

If this procedure is adopted, the management committees must accept the onus of expanding or undertaking additional activities whenever it appears that a substantial number of men who would otherwise have been given sheltered employment are being rejected because the existing range of occupations is not adequate.

## 9. LIMITATIONS

In this chapter we have concerned ourselves with the means of enabling sheltered employment to improve its performance of its present rôle in South Africa. This has implied, for the moment, acceptance of the limitations imposed by the inadequacy of other socio-economic rehabilitation services. It will be remembered that in 1945 the Director General of Demobilisation himself drew attention to the fact that many disabled ex-volunteers were being "dealt with by means of sheltered employment schemes" only because of the lack of proper facilities for placing them in suitable ordinary employment (1). They could have been placed in the open labour market if the Department of Labour had had the necessary personnel and the organisation to serve them. This means that a large proportion of present sheltered employees might well have been in ordinary employment. On the other hand, we have seen that the scheme has been administered in such a way as to exclude the most seriously disabled.

The existence of these limitations is an advantage for our present

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(1) See page 47 above.

purpose. They have resulted in sheltered employees of relatively high potential direct productivity being selected. This is one of the main reasons why the author feels that there should be no great difficulty in eliminating the loss on the scheme by proceeding along the lines indicated above.

We have also accepted the limitations imposed by the restrictive institutions in the existing labour market. It is not within the scope of this monograph to discuss the general implications of the introduction of competitive institutions into the labour market, but we shall turn aside in the next chapter to speculate about the way in which they might affect the need for rehabilitation services. As a basis for this speculation we shall examine certain evidence on the productivity of the disabled.

In Chapter 14 we shall examine the possibility of removing the first set of limitations by creating machinery to assist the disabled to find suitable employment in non-sheltered industry. This will lead to a discussion of the rôle which sheltered employment might play under those circumstances.

CHAPTER 13.

REHABILITATION IN A COMPETITIVE STATE

(INTRODUCTORY NOTE ON COMPETITIVE INSTITUTIONS (1))

In this chapter an attempt is made to set a criterion for judging current rehabilitation practices by discussing what the position of the handicapped would be under competitive institutions. To those who are accustomed to thinking of the present South African economy as competitive it is necessary to mention that, from the economist's point of view, it is characterised by the existence of institutions which restrain competition. To establish a competitive economy it would be necessary not only to abolish those institutions, but also to set up a framework of law and custom conducive to the competitive process, i.e. to the system under which incentives lead to production at the least cost and the consumer is sovereign. Such a framework of competitive institutions has not yet been created and does not exist, in a form approaching the ideal, in any country.)

1. THE PRODUCTIVITY OF THE PHYSICALLY AND MENTALLY DEFECTIVE.

We have previously referred (page 99 et seq) to the "Survey of Employability of the Physical and Mental Deviates" in the Union of South Africa which was conducted during the period October 1942 to October 1944 by a committee convened by Professor J.A. Jansen van Rensburg. (2) The meaning to be attached to the committee's findings is explained in their report as follows: -

"It was the purpose of this survey to establish the types of work that could be done by people with various types and degrees of physical and mental deviations.

We proceeded very conservatively in deciding upon these types of work. We took the status quo into account, that is to say the conditions of work obtaining at the time and in which, under those conditions, and in competition and coöperations with him, the deviate could work just as well as the normal worker; observing these terms we decided upon the types which would be suitable for physical and mental deviates. In the very few cases in which we did

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(1) The author is indebted to Professor W.H. Hutt whose comments on the first draft of this thesis form the basis of this parenthesis.

(2) U.G. 63/1945 - Annexure A.

not observe these terms we make mention of the fact in the report. For example, if a blind man could do a certain type of work but would require more time than the man of normal vision, we state this fact. If physical or mental deviates could do a certain type of work provided a slight change could be effected in the machine or the organisation of the factory, we mention this recommended change in the very few cases in which we recommend the employment of the deviate. We do not otherwise include them in the list of suitable types of work". (1)

The committee visited about 400 factories and mines as well as workshops maintained by state and local authorities. They "found more than 1,000 types of work and thousands of work-processes suitable for one or other type of deviate". (2) Table E (page 144), which has been extracted from their report, shows their estimate of the number of deviates who could be employed in the industries surveyed, classified according to the nature and severity of the defect and the degree of intelligence required. (3)

These figures were submitted to the Inter-Departmental Committee on Deviate Children (Chairman: W. de Vos Malan) who compared them with their estimates of the handicapped population of the Union (which they based on their own survey of European children of school-going age)(4). Their report explains : -

"that the number given here represent the total number of employment opportunities from which the handicapped need not be excluded on account of their handicaps. This will not mean that in practice all these openings can be filled by the handicapped ...." (5)

Nevertheless, the de Vos Malan committee was satisfied "that it should be possible to absorb in the field of labour all the handicapped persons" (6) dealt with in the survey, with the exception (7) of some of the blind, those with the most severe defects of both legs or both arms and those suffering from epilepsy in its most acute form (below the "certifiable").

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(1) Ibid, page 261, Sec. 5.

(2) Ibid, page 263, Sec. 9.

(3) Additional extracts giving details of their findings in selected industries are given in Appendix D page A.34.

(4) U.G. 30/1945, p.211. et. seq.

(5) Ibid, p.211, Sec. 177.

(6) Ibid, p.218, Sec. 189.

(7) The de Vos Malan Committee did not make this qualification explicitly, they may have regarded it as implicit.

For our present purposes it is sufficient to note that this investigation has shown that the direct productivity of a very high proportion of the physically and the mentally handicapped - when they are employed on jobs suited to their remaining capacity - may be expected to be as high as that of the non-handicapped. Additional evidence in support of part of this conclusion (1) is available in a report prepared (in 1947) by the United States Bureau of Labor Statistics on "The Performance of Physically Impaired Workers in Manufacturing Industries".<sup>(2)</sup> A sample group of 11,028 severely handicapped workers was surveyed. A control group of unimpaired workers, for comparative purposes, was set up in the following way :

"As many variables as could be controlled were eliminated by matching the impaired worker with one or more unimpaired workers of the same sex in the same shift, of closely similar age, with about the same length of experience, and working on the same job in the same department of the same plant".<sup>(3)</sup>

A tabulated summary of the results of the survey is given in an appendix to this thesis. An examination thereof

"Makes it apparent at once that the outstanding features of the comparison are the similarities between the impaired and unimpaired workers. Differences in the measures of work performance between the two groups were fractional for the most part, with the balance slightly in favour of the impaired worker group; impaired workers produced at a slightly better rate and had relatively fewer disabling work injuries than did unimpaired workers on identical jobs. The two groups had identical frequency rates of nondisabling injuries, and average rates of absenteeism showed only normal differences. Although the voluntary quit rate was higher for the impaired group, it is questionable whether the difference is large enough to be counted significant.

It was equally true of the impaired and the unimpaired workers that some made exceptionally good records and that a few made very poor records. It would be absurd to assume that the existence of a severe physical impairment automatically makes the individual a better worker. But the results of the study indicate that the assumption that a physical impairment makes a man a less efficient or a less dependable worker is equally unsound. Many characteristics of the individual (temperament, personality traits, etc.) influence the quality of the work performance. These characteristics are possessed in the same infinite variety and degree by impaired and unimpaired persons and undoubtedly influenced individual performance, but these obviously are outside the scope of this study. The factor under scrutiny here is the

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(1) The mentally handicapped were excluded from the American investigation  
(2) U.S. Department of Labor, Bulletin 923, Washington, 1948.  
(3) Ibid, p.123.

TABLE E. (1)

NUMBER OF EMPLOYMENT OPPORTUNITIES FOR CERTAIN TYPES OF PEOPLE IN  
SOUTH AFRICA.

Type of Disablement	I.Q.	DEGREE OF DISABLEMENT (A Lightest, C most severe)					
		MEN			WOMEN		
		A	B	C	A	B	C
Blind	<75	-	-	50	-	-	800
	75-89	-	-	100	-	-	400
	90-110	-	-	200	-	-	200
	110+	-	-	100	-	-	100
		-	-	450	-	-	1,500
Sight Defectives	<75	2,000	600	100	1,000	2,000	1,600
	75-89	17,000	4,000	2,500	3,300	4,300	2,250
	90-110	8,000	1,100	1,600	1,700	2,000	1,100
	110+	-	-	100	200	-	50
		27,000	5,700	4,300	6,200	8,300	5,000
Auditory & Speech Defects	<75	100	100	10,000	200	-	11,000
	75-89	6,000	2,100	30,000	300	-	6,000
	90-110	16,000	2,500	40,000	800	-	500
	110+	-	-	-	-	-	-
		22,100	4,700	80,000	1,300	-	17,500
Defects of one leg	<75	100	500	1,500	100	100	9,000
	75-89	2,000	3,000	7,000	2,500	400	6,000
	90-110	14,000	20,000	41,500	7,000	6,000	15,000
	110+	2,900	3,500	10,000	1,400	500	2,000
		19,000	27,000	60,000	11,000	7,000	32,000
Defects of two legs	<75	1,000	100	-	500	3,000	1,100
	75-89	4,000	900	-	2,700	1,500	100
	90-110	13,000	5,000	800	5,200	5,000	700
	110+	3,000	1,000	200	600	500	100
		21,000	7,000	1,000	9,000	10,000	2,000
Defects of one arm	<75	500	500	700	50	50	50
	75-89	11,000	4,000	3,700	5,850	3,800	750
	90-110	23,000	17,000	7,000	5,600	4,550	1,400
	110+	4,500	4,500	2,600	500	600	500
		39,000	26,000	14,000	12,000	9,000	2,700
Defects of two arms	<75	700	-	-	50	-	-
	85-89	3,300	-	-	500	-	-
	90-110	2,300	600	-	400	150	-
	110+	700	300	-	50	50	-
		7,000	900	-	1,000	200	-
Epileptics	51-60	500	10	-	2,000	10	-
	61-70	2,500	300	-	3,700	100	-
	71-80	9,000	1,300	-	3,200	100	-
	81-90	10,300	1,400	-	1,100	100	-
	90+	12,400	1,200	-	2,800	300	-
		34,700	4,210	-	12,800	610	-
Mentally handicapped	51-60	-	-	19,200	-	-	3,900
	61-70	-	-	16,800	-	-	12,900
	71-80	-	-	32,300	-	-	12,000
		-	-	68,300	-	-	28,800

effect of the physical impairment. Based upon the record, it seems reasonable to conclude that physical impairment did not produce an adverse effect on either the quantity of work produced or the quality of work performance. No matter how different these physically impaired persons may have been in other respects, on the job they were just another group of workers able to meet their unimpaired fellow workers on an equal competitive footing." (1)

## 2. THE ECONOMIC HANDICAP OF A DISABILITY

If there are so many jobs which the physically or mentally defective can perform as efficiently as the able-bodied, why does the former need special assistance? The van Rensburg Committee suggested that the answer is that many employers are "strongly prejudiced against the employment of deviates. When both normal and deviate workers applied for work the normal applicant was preferred". (2) The same answer has been put forward by many other investigators, e.g. in the following passage of the Sixth Biennial Report (1939-1940) of the S.A. Council for the Blind : -

"The Executive Committee has continued its efforts to find new avenues of employment either in workshops for the blind or in ordinary industry, but has not yet met with any success. A sub-committee was appointed to attempt to interest some of the leading industrialists and employers of labour in this scheme, and to ask them to examine the list of their employees with a view to drawing up, in consultation with the sub-committee, a list of possible vacancies.

The Worcester School for the Blind acquired, at a cost of £145, a complete dictaphone set, and commenced the training of selected pupils in its use two years ago.

The Secretariat of Council interviewed upwards of 60 firms in Cape Town and suburbs with a view to securing employment, on trial and without remuneration, of registered blind persons but met with no success.

It is a matter for extreme regret that owing to the very strong prejudice in South Africa against the employment of blind persons in ordinary industry, the only avenue of employment open to them at present is basket-making and, with negligible exceptions, piano-tuning, mattress-making, massaging and knitting.

There are many niches in commerce and industry which blind persons can fill with advantage to their employers. The Council would be prepared to pay the wages of blind persons for three, six or even twelve months if employers would only give them the chance to prove that, so far from being a liability they would be an asset in, e.g., printing presses, soap, biscuit and chocolate factories, blanket and shirt factories, newspaper offices, wholesale and retail businesses, telephone exchanges, copying and duplicating offices, etc." (3)

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(1) Ibid, pp.3 and 4.

(2) U.G. 30/1945, p.261, Sec.4.

(3) Sixth Biennial Report, p.27.

It will not be denied that this prejudice exists and constitutes a not unsubstantial obstacle to placement of the handicapped. It cannot, however, be accepted as a complete answer to our question.

A related consideration is the fact that many people are "upset" by a mere sight of the maimed. Employers may be reluctant to risk the effect on their workers' output of this reaction to the introduction among them of anyone with patent major defect. Even though individual able-bodied workers are not affected in precisely this way, it remains probable that existing arrangements may have to be altered slightly to accommodate the disabled; in other words, that they are likely to be the occasion of a certain amount of "fuss and bother".

Of greater importance is the point made in the following extract from the American report from which Table E (page 144) and the tabulated summary in the appendix were taken:

"No matter how sympathetic the employer may be towards hiring impaired persons, the basic fact remains that in one way or another the impaired person is limited as to job assignments. He cannot be put on just any job that happens to be available". (1)

This means a little extra trouble for the personnel department of a big concern, for the manager or the owner of a little one.

On the other hand, it is surprisingly seldom necessary to modify production equipment or routine. This has been brought out in both the South African (2) and the American (3) investigations to which we have alluded, as well as by the experience of the St. Dunstons organisation in Britain. (4) On the few occasions when this technique is necessary it is, of course, a more difficult obstacle to the placement of the handicapped than any of the others we have mentioned.

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(1) U.S. Department of Labor, Bulletin 923, 1948, p.21.

(2) U.G. 30/1945, p.261 (this evidence is negative in character).

(3) U.S. Department of Labor Bulletin 923, p.21: "One very significant fact was the nearly complete absence of job-engineering for the impaired".

(4) Verbal information given by an official of the organisation.



### 3. EFFECT OF MINIMUM WAGE ENFORCEMENT

In sum these individually trivial difficulties in placing the handicapped make a not inconsiderable addition to what Professor J.R. Hicks calls the indirect costs of employing them. (1) On economic grounds, when alternative able-bodied workers are available, the employment of the disabled can be justified (assuming direct productivity equal) only at a wage lower than that demanded by the able-bodied, by an amount which will at least off-set the difference in indirect costs. But the handicapped are nearly always precluded by minimum wage enforcement institutions from effectively discounting their handicaps in this way. Even when an apparent loophole exists (2) it is probably impeded by one or both of the following related obstacles:

- (a) As Professor W.H. Hutt has pointed out "the odium attaching to employers of low paid labour has the same consequence as wage-fixation". So thoroughly has trade union propaganda done its work that "a thoroughly confused public opinion tends to view with disfavour those who offer employment to workers whose services are of low market value. Instead of condemning practices and institutions which cause their value to be low, it is customary to frown on the entrepreneurs through whose initiative they are connected with the most satisfactory remaining opportunities" (3)
- (b) On the other hand, this same confusion of thought may prevent the handicapped work-seeker from offering his services at less than the standard rate. He is as reluctant to be called a "black-leg" as the employer. is to risk the epithet "sweater".

### 4. THE HANDICAPPED IN A COMPETITIVE ECONOMY

In a competitive labour market the difficulties discussed in the last paragraph would diminish in importance and a large proportion of the physically and mentally defective would find and hold employment

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(1) See passage quoted below (p.148) from "Theory of Wages".

(2) e.g., In S.A. Industrial agreements for fixing wages, there is provision for the exemption of individual employees and employers in special circumstances. The Councils which administer the agreements are notoriously reluctant to grant such exemptions; mainly in deference to the views of their trade union members. It is usually necessary for both employer and employee to make personal applications to the council.

(3) Prof. W.H. Hutt: "The Theory of Idle Resources", London (1939), p123.

without special assistance. But it is not to be expected that even the introduction of competitive institutions would enable all handicapped people to find employment. In the first place, there is at all times a relatively small group of imbeciles and the seriously sick who may be regarded as "valueless resources in labour .... in the sense that there are no means of making their employment profitable". (1) These unfortunates are truly unemployable - the problem they present is a challenge not to the sociologist or the economist, but to the medical profession.

Professor J.R. Hicks has suggested that there would also be another class which would suffer from regular unemployment. The suggestion occurs in his "Theory of Wages" in the following passage, which is so apposite to this discussion that it is quoted in extenso: -

"We have seen that the adjustment of wages to efficiency is unlikely, under any conceivable circumstances, to be perfect. The readiest means of partial adjustment is the adoption of standard rates, which are suitable to the average workman, but exceed the value of the least competent. There must always be some men in every trade who cannot earn the standard rates paid even by the least efficient and least well-situated employers within their reach; and although they may be able to get regular employment by accepting less than standard rates, there is no certainty either that they will readily consent to do this, or that employers can be found who are prepared to take the trouble involved in finding a wage which suits them.

When we remember that the things which drag down a man's efficiency below the ordinary level are particularly likely to be things not easily estimated - that they are less likely to be low direct productivity than carelessness or unreliability or bad temper - then it is very easy to see how unemployment of this kind may be of no inconsiderable importance. It is not that the man's direct productivity is low, but that his net product is likely to prove lower after he has been working with an employer for some time than it appeared at first; and so, on experience, his employer will either dismiss him or offer him lower wages. But for several reasons the first is rather likely to be the alternative taken; if lower wages are offered and accepted, the man may very well feel that he has a grievance, and as a result may prove to be worth even less than he was before; and again, from his own point of view, it may be advisable for him to go elsewhere, since he may find an employer who attaches less weight to his particular disabilities, or at the worst, he may find one from whom he can conceal his disabilities for a time. Even if lower wages are offered, quite probably they will not be accepted; and employers are thereby less likely to offer them.

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(1) Prof. W.H. Hutt: "The Theory of Idle Resources", London (1939) p.51.

Men whose efficiency is subnormal are thus peculiarly liable to find their disqualifications resulting in exceptionally long periods of unemployment rather than in exceptionally low wages. The most inefficient of all, the indirect cost of whose employment is extremely high, may find that there is no employment at all in the market where they can continue to receive a wage high enough to support life unassisted. So far as these men do get jobs, they will retain them only for short periods, and for the greater part of their existences they must depend on the support of relations, or on poor relief, or on charity.

These are the "unemployables"; their net product falls below the level of subsistence. Although in any community there probably are a certain number of these unfortunate people, it is generally recognised that they do not form a seriously important part, numerically, of the general unemployment problem. What has to be recognised is that there is a much larger class of those whose efficiency is high enough for them to be able to earn - somewhere - a wage sufficient to support life unassisted, but who are exceptionally difficult to fit into the industrial system, so that they are likely to suffer from unemployment to a special degree". (1)

It will be noted that Professor Hicks' "unemployables" include those whom Professor Hutt has called "valueless resources in labour", whose net product would be zero, as well as another group whose net product would be positive but less than "the level of subsistence". They might well be paid a subsidy to make up the difference, or they could be placed in ordinary employment without a subsidy if means could be found (a) to raise their direct productivity and (b) to reduce the indirect costs of employing them so as to bring their net product above the level of subsistence. Those "who are exceptionally difficult to fit into the industrial system" could also be placed in ordinary employment, if means could be devised to help them find - "somewhere" - the jobs in which their net product would enable them to support life unassisted.

##### 5. <sup>2</sup>ROLE OF REHABILITATION SERVICES IN COMPETITIVE STATE

To devise and provide these means would be the first objectives of the rehabilitation services in a competitive state. To establish these services it would be necessary to divert (2) certain resources from

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(1) J.R. Hicks: "The Theory of Wages" London 1932, pp. 42-44.

(2) Under certain (not unlikely) circumstances, private enterprise would almost certainly be prepared to establish at least part of the services. A coördinated nation-wide rehabilitation programme directed by the state would quite certainly be preferred by philanthropic politicians. It is such a programme which is contemplated in this discussion.

fields in which they would otherwise have been employed. Their effect would be to make available to the community certain resources in labour which would not otherwise have been available. The cost would be the amount by which the community's product was reduced (1) in consequence of the diversion of the resources required to operate the services, while the gross revenue attributable to them would be the increase in total product resulting from the employment of the additional labour.

Vocational training and selective placement are socio-economic rehabilitation measures which would be indispensable under the circumstances we are discussing. In the medical, psychological and educational fields complementary measures would have to be taken. In economic terms the expansion of this complex of services would be justified up to the point where its marginal cost became equal to its marginal return. (2) There could be no doubt that the provision of this quantity of rehabilitation services was justified on economic grounds, even if the community were prepared to accept the extreme alternative of leaving candidates for these services to starve.

In the more usual case, where the community is already committed to the policy of providing sufficient charitable assistance (including unemployment benefits, disability grants and pensions, etc.) to keep these unfortunates alive, any savings on this head which resulted from the institution of rehabilitation services would constitute additional revenue attributable to those services, and additional economic justification for them. (3)

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- (1) In the field from which the resources were diverted.
  - (2) If we imagine the rehabilitation programme being expanded in stages and regard each stage as formed by the addition of a standard increment of diverted resources, and as producing an increment of return, it can be seen that each successive increment of diverted resources will tend to cost (in the sense defined above) slightly more than its predecessor, and that each increment of return will be less than its predecessor. Initial returns will be high, because on the introduction of the scheme the candidates will include large numbers of people who only just fail to secure employment without special assistance.
  - (3) This is true from the point of view of the remainder of the community, not from the community as a whole. Part of the total product which the employed population had previously donated to the unemployed would now be available to the former, but there would be no immediate additional increment of total product beyond that supposed in the previous paragraph.

CHAPTER 14.

POSSIBLE IMPROVEMENTS IN SOUTH AFRICAN SERVICES FOR SECURING  
REHABILITATION IN NON-SHELTERED EMPLOYMENT.

1. THE FIRST TASK OF THE REHABILITATION SERVICES

We have seen that even a competitive labour market would be unlikely to absorb into reasonably regular employment all the handicapped people available. It would be vastly more successful in this respect however than our present South African labour market, in which monopolistic and socialistic restrictions are powerfully reinforced by the traditions of our colour policy. Many, whose direct productivity in skilled and semiskilled occupations is sufficiently high, would be able, by offering their services at a discount, to overcome the employer resistance which keeps them unemployed where minimum wage regulations are enforced. Those who are physically strong but mentally handicapped would find their niches as navvies, an occupation which is at present barred to them (except those who benefit under the civilised labour policy<sup>(1)</sup>) by the white South Africa tradition that it is suitable only for blacks. (2)

In the absence of competitive institutions, the first task of the socio-economic rehabilitation services must be to help these two classes. They may be regarded as contained between the same pair of limits: the direct productivity of all members of both classes would be sufficient to earn them at least <sup>a</sup>/subsistence wage in employment appropriate to their disabilities, but the net product (without the aid of rehabilitation service) of none of them is high enough to secure standard wages in the existing state of the labour market. Since sheltered employment is

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(1) See page 27 above.

(2) This applies to both European and non-European mentally handicapped people. The tradition has ensured that an immense pool of unskilled (black) labour is always available. Employers naturally give preference to the more intelligent, so that the mentally handicapped native must tend to be unemployed more often than he would be if he were not competing with those who would be absorbed into semi-skilled and skilled occupations under competition.

obviously inferior to rehabilitation in ordinary employment every effort should be made to place all of them in the open labour market before resorting to the former.

## 2. CAPACITY OF THE ORDINARY LABOUR MARKET.

It is necessary to remember that the capacity of industry and trade to absorb labour at fixed minimum wages varies from day to day with every change in entrepreneurial expectations. At any given moment, however, this capacity is determinate within narrow limits set by existing institutions and expectations, and there will be some tendency for the existing volume of employment to be reduced or expanded towards those limits if it lies outside them. Although such changes in the volume of employment will certainly affect the composition of the two classes of the handicapped in which we are interested, they may be ignored for our present purposes. We shall assume that the existing volume of employment is the maximum that entrepreneurs deem economic under existing conditions. This is the situation where they judge that the marginal product of any additional labour they engage will be lower than the marginal cost of that labour. Under standard wages (beyond the control of the entrepreneur) the direct cost of any one worker of a particular type will be the same as that of any other; it is therefore implicit in this description of the situation that the entrepreneurs judge that the net product of every worker who is employed is higher than the net product of any of the unemployed, in other words that even though the direct productivity of one of the unemployed (and hence his marginal gross product, if he were engaged) may be equal to that of one of those employed, the indirect costs of employing the former would be higher than those of the latter.

## 3 THE "QUOTA" SYSTEM, AND "RESERVED" OCCUPATIONS

Let us imagine that, in this situation, a silver-tongued welfare officer persuades a particular entrepreneur to engage a one-armed man, at the fixed minimum wage, for a job which he can perform as efficiently

as the able-bodied man employed in it at that time. Is it not obvious that it will be to the entrepreneur's advantage to discharge the latter? He will be the loser to the extent that he is bearing an increase in the indirect cost of employing a worker on the job; to keep the able-bodied man in addition will merely increase his loss on the transaction.

This argument seems to provide adequate grounds for rejecting the idea strongly favoured by the S.A. Inter-Departmental Committee on Deviate Children :

"that the employment of deviates must be made compulsory by law, under a scheme which (a) limits the employment of fit persons by an employer who has employed less than the prescribed percentage quota of handicapped persons, and (b) reserves specific types of work for the handicapped and prohibits the employment, without special licence, of fit persons on such work". (1)

Such a scheme is more likely to increase than to reduce the total volume of unemployment since it places on entrepreneurs the burden of carrying the additional indirect costs of labour which the substitution of able-bodied by disabled workers must entail. (2)

This opinion is advanced despite the fact that a "quota" system of this sort appears to be operating successfully in Britain. (3) The circumstances under which the system was introduced were entirely different from the equilibrium situation postulated above. When the ravages of World War Two have been made good, and World War Three no longer appears imminent it will be time to base empirical judgements on British experience in this field, provided that socialism does not succeed in eliminating all possibility of drawing useful inferences from current British history.

The Act<sup>which</sup> established the "Quota Scheme" in Britain also made provision for the "Designated Employment Scheme" under which vacancies which occurred after a certain date in certain employments might be reserved for the benefit of the disabled on those employments being

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- (1) Recommendation of the S.A. Inter-Departmental Committee on Deviate Children : U.G. 30/1945, p.218, Sec. 189.
  - (2) An American report points out an additional disadvantage of the compulsory quota scheme: "The impaired workers might .... be stamped as an undesirable minority incapable of satisfactory work performance". (U.S. Dept. of Labor, Bulletin 923, 1948, p.1.)
  - (3) U.K., Ministry of Labour, Leaflet DPL 4, August 1946.

"designated" by the responsible Minister. Although the Act was passed in 1944, no Order in these terms was made by the Minister until 1st September 1946 when the employment of car park and electric lift attendants was "designated". (1) It is not likely that additional occupations will be reserved for the disabled in this way, at any rate as long as present conditions in the labour market can be maintained, because it has been recognised that this system is psychologically harmful to the man placed in employment by its aid.

This is an additional disadvantage of "Designated Employment" - it is also open to the criticism we have made of the "Quota Scheme". The fundamental weakness of both is that in ordinary times they would tend to force the substitution of the disabled for the able-bodied in employment. Since this would increase the indirect costs of employment, without compensating the entrepreneur by offering him reduced direct labour costs (the result of lower wages or of increased efficiency of labour), it would lead to a contracting in the total demand for labour. It is the advantage of the schemes discussed below that they attempt to avoid this consequence; the one by making it possible for the employer to pay lower wages to the handicapped, the other by reducing both (a) the indirect cost of engaging them by assisting him to "place" them satisfactorily, and (b) the direct cost per unit of labour by increasing the efficiency of the worker. (2)

#### 4. SUBSIDISATION OF WAGES

The following "findings and recommendations of the Invalidity Committee of 1940" were quoted with approval by the Committee on Deviate Children : -

"The Committee has given consideration to the question whether the employment of handicapped persons can be stimulated by the offer of subsidies to employers. Under such a scheme the handicapped person would be paid the full rate of a wage attributable to the work on which he was

- (1) Under the Disabled Persons (Employment) Act of 1944.
- (2) It is, of course, possible to combine the Quota System with measures designed to achieve this result. The compulsory element of the former is itself undesirable, and it seems possible to achieve the desired results without relying on it - as will be shown in the following pages.



employed but the difference between the value of the work which he was able to do and the wage paid to him would be made good to the employer by the State. An alternative system is to permit of the payment of a lower wage by the employer and for the State to make a direct payment to the employee of the difference between that wage and the standard wage. The Committee finds that there is a considerable volume of objection to the adoption of either system from the better class of employers and employees. It is considered by both that the result must be an exploitation of handicapped workers. The employees fear that an unscrupulous employer will seek to obtain by this means cheap labour and with the assistance of the State will pay less for the work done by the handicapped worker than that work is really worth.

The employers on the other hand fear that the system may be used for under-cutting the businesses of those who are prepared to pay the full rate of wage. It has also been suggested that the payment to handicapped workers of a direct subsidy, or the knowledge by such workers that their employer is being paid a subsidy on their behalf, must create in such workers a sense of inferiority which will militate against their economic rehabilitation. While these contentions are certainly open to criticism, it would appear that any scheme of subsidisation would inevitably create antagonism amongst the better class of employers and employees' organisations, which might well hinder the progress of the scheme of rehabilitation without achieving any proportionate advantage.

Under these circumstances the Committee is not prepared to recommend any system of subsidisation". (1)

The alleged contentions of both employees and employers are, indeed, open to criticism; in fact the use of such words as "exploitation", "unscrupulous employer", "cheap labour" and "under-cutting" in rapid succession is almost sufficient to condemn them, without further consideration, as mere propaganda. (2) One suspects that what they fear is not the exploitation of the handicapped workers, but a reduction in their own power to exploit the consumer and/or the unemployed worker. This controversy is not worth pursuing, it is simpler to discuss the merits of the suggestion de novo.

(1) U.G. 34/1940, p.40, Sec. 230 & 231, & U.G. 30/1945, p.221, Sec.205 and 206

(2) Words like these have acquired special symbolic value in popular use. They evoke emotional responses which help to prevent rational thought about the subject discussed. In this instance, they divert attention from the possibility that the "unscrupulous" employer would be doing a real service to the handicapped worker by giving him access to the most favourable employment opportunity open to him. In the unlikely event of his "under-cutting" he would also be doing a service to the consumer.

Nevertheless, as Prof. Hutt has pointed out, it would be wrong to suggest that those who use such terms do so with the conscious intent of deceiving their audience. There is so much self-deception in their use, and both parties in industry have become so indoctrinated with the ideas connected with them, that employers and trade unionists alike may be animated by the highest sense of rectitude even when they are describing as "exploitation of cheap labour" a scheme which would promote the general interest as opposed to their own vested interests.

The idea of subsidising the wages of the handicapped cannot be rejected on the basis of the argument suggested in section 2 above. In the situation which we assumed there, the entrepreneur is deterred from offering employment to an additional worker by his estimate that the marginal product of that worker will be less than the marginal cost which is determined partly by the fixed minimum wage for that type of worker. If at this stage the subsidy system is introduced, the marginal cost of the additional worker will be reduced. Provided the subsidy is enough to reduce this amount (allowing for the indirect costs of employing the handicapped worker) below the expected marginal product of the worker, it will be to the entrepreneur's advantage to engage the additional worker without discharging any of his previous employees. He will not necessarily stop at this point - given an elastic demand for his product, he may find it profitable to engage several handicapped workers on these terms. He will, however, eventually reach a stage where - with existing capital and organisation - the diminishing returns to the additional labour fall below even the cost of subsidised workers, if the subsidy is at a flat rate.

The crux of the argument against the subsidy scheme is that, at this point, it will pay the entrepreneur to substitute one or more subsidised workers for an equivalent number of his original able-bodied employees if the difference between their costs is greater than the difference between their net products. At this stage, however, the latter will be relatively great since the more productive of the subsidised workers will have already been drawn into employment. The difference in costs (i.e. the amount of the subsidy minus additional indirect costs) will have to be correspondingly great to justify this action. The expected gain will also have to be large enough to overcome the resistance of inertia and to outweigh the risk of a strike of the remainder of his original employees in sympathy with those displaced. It seems unlikely that all these conditions will be fulfilled. Even if they were, it remains true that the total volume of employment - ignoring any possible inflationary effects (1) of the subsidy scheme itself -

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(1) Which would also tend to increase the volume of employment.

would be greater by reason of the introduction of the scheme. To the extent that substitution did occur the community would suffer a loss in that the total product would be less (because the net product of the substituted workers was less) than it would have been if substitution had not taken place.

There is one fairly large section of the handicapped to whom this scheme might be applied without imposing any fresh burden on the taxpayer, viz., those who are already drawing Invalidity Grants and War Veterans Pensions. At present it is a condition of these grants that the beneficiaries do not accept regular employment. It would be necessary to reverse the sense of this condition, i.e. to require them to show proof that they had actively sought work at wages lower than standard by the amount of their grants. This would be coupled with statutory provision for the automatic exemption in these cases of employers and employees from all minimum wage enforcement regulations.

These grants are paid only to the most severely handicapped. It may well be that their direct productivity would be below the lower limit suggested in Section 1 above to define the class whose rehabilitation is under consideration in this chapter. Only the assumptions that the grants are approximately sufficient for subsistence, and will continue after rehabilitation, justify the inclusion of the beneficiaries in that class.

In this particular case we can avoid one important objection to the subsidy scheme, i.e. the fact that it would impose an additional burden on state revenue, and hence on the tax-payers. (1) If the scheme is to be applied to all the other handicapped people in South Africa of working age, the burden will be substantial. It is evidently desirable to seek a less expensive alternative. This will be our task in the next section. (2)

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(1) Those who regard the use of taxes to secure the redistribution of wealth in favour of the poor as the proper function of the Minister of Finance will not agree that even this objection exists.

(2) It is evident that the subsidy scheme is open to the same criticism as was made in the second footnote to the section on the compulsory quota scheme. (See p.153, Footnote 2 ).

5 VOCATIONAL TRAINING PLUS SELECTIVE PLACEMENT

So far we have considered in this chapter two possible methods of rehabilitating that class of handicapped people in South Africa who would have least difficulty in rehabilitating themselves in a competitive society. The first method examined was simple compulsion on employers, without state assistance in raising the productivity or reducing the cost of employment of the handicapped. The second was based on an idea for reducing the direct wage-cost of employing them. It remains to examine the possibility of increasing their productivity.

This is the technique favoured by American authorities. (1) We have seen that the direct productivity of a physically or mentally handicapped worker in a suitable job (i.e. one which makes no demands whatever on his defective "member") is likely to be as high as that of his able-bodied fellow. Except in an acute shortage of man-power, the additional indirect cost of employing the former prevents his securing employment because it reduces his net product below that of an otherwise comparable non-handicapped applicant for the same job. One way of overcoming this difficulty is to enable the handicapped worker to increase his net product by giving him the benefit of a combination of two services : -

- i. Vocational training (or re-training) designed to make his potential direct productivity in a suitable job exceptionally high, by increasing his technical efficiency.
- ii. Selective placement by an official of the State who coöperates closely with the employer to eliminate any difficulty within the employer's organisation (a) in placing the handicapped worker in the exact job for which he is best suited, (b) in listing other jobs within the organisation to which he can be transferred without material loss of productivity if work on the first happens to be slack, (c) in introducing the worker to the job and (d) in making any necessary special arrangements (such as kennels for blind men's guide dogs). All this is designed to reduce the indirect cost of employing the handicapped man. The initial placement is "followed up" by the official who should keep in touch with both employer and employee until he is satisfied that rehabilitation may be regarded as reasonably final.

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(1) See pages 17 & 18 above.

The advantages of this system from the points of view of both the entrepreneur and the handicapped worker are obvious. Furthermore, it seems likely to be far less expensive than a permanent subsidy on the latter's wages, and the community may be expected to gain some advantage from the increase in the "total efficiency" of labour. It remains to consider the effect on the marginal able-bodied worker.

Returning to our equilibrium situation of Section 2, we now assume that a selective placement official offers the entrepreneur the services of a disabled man who has had the benefit of thorough vocational training for a particular position in that entrepreneur's factory. As in the subsidy scheme, this amounts to an offer of a worker whose services will cost the employer less per unit of labour than the existing marginal worker. Provided this reduced cost is less than the expected marginal product it will pay the entrepreneur to engage the new man without discharging the original marginal man. Once again, we may reach the situation where further expansion of the volume of employment will not be profitable, but the lower labour costs of the vocationally trained men encourage the entrepreneur to substitute them for less efficient of his original able-bodied workers. But this substitution has not the disadvantages that we noted in the case of subsidised workers - the community as well as the employer will be gaining from the increase in the total product. Furthermore, it will be accompanied by a net reduction in unemployment. (1) There is, even, reason to believe that no substitution would take place in the skilled trades in South Africa today, if we may place any reliance upon the popularity among industrialists of projects for assisting the immigration of skilled artisans from Europe. (2)

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(1) "It is only from increased efficiency that we can look for a moderating effect on unemployment". (J.R.Hicks: Theory of Wages: p.211)

(2) The Cape Argus of 12th January 1951 carried a front page article under the head-line "Peninsula has far more jobs than workers". A number of similar articles have appeared in the press since that date. The theme in all cases is that "the growth of industry in South Africa since the war has been on a scale too big to be met by the resources of skilled labour available here".

The application of this scheme to the mentally handicapped (who would probably become navvies under competition) presents no particular technical difficulties. We have already seen (Chapter 8) that there are many operatives' jobs for which the mentally retarded are suitable. However little skill is required, workers have to undergo some training for these jobs. Employers would probably be pleased to be able to draw, from the selective placement services, handicapped workers who had already been thoroughly trained and who were known to be temperamentally suited for simple repetitive work.

There is, however, less reason to believe that this type of labour would not be affected by the substitution process discussed above. It must be remembered, as a disadvantage of this approach to the rehabilitation problem, that it may cause a limited amount of temporary unemployment among low-grade semi-skilled workers. They are, however, exceptionally mobile, in the sense that they have little difficulty in changing their occupations. It is reasonable to expect that any who were displaced by specially trained handicapped workers would not long remain unemployed. (1) In the end they would benefit from the tonic effect on the country's economy of the increase in the "total efficiency" of its labour. (2).

## 6 A SOCIO-ECONOMIC REHABILITATION PROGRAMME FOR SOUTH AFRICA

At the end of Chapter 2, above, it was emphasised that sheltered employment should be studied in its relation to other rehabilitation measures in the community. In Chapter 3 those measures were examined, and the conclusion was reached that in 1939 the Union was devoting very

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- (1) The effect of the introduction of the scheme under discussion would be tantamount to the adoption of labour economising methods in a large number of industries. This should tend to cause their demand schedules to rise. The final level of employment should therefore be higher than the original level.
  - (2) For the sake of completeness it is worth noticing that the psychological objection to the quota and the subsidy schemes that they stamp the handicapped as "an undesirable minority group" would not apply to this scheme.

little time, money or energy to scientific rehabilitation. Since that date, the major development in this field has been the institution of sheltered employment. The present chapter partakes of the nature of a digression designed to facilitate speculation about what the place and nature of South African sheltered employment would be if our other socio-economic rehabilitation services were fully developed. For this purpose, let us assume that the following aids (1) were available to the handicapped : -

- i. Vocational training colleges for handicapped juveniles.
- ii. Statutory exemption from all apprenticeship regulations for all handicapped graduates from vocational training colleges.
- iii. Expert vocational guidance officers for juveniles, with the (statutory) power of granting exemptions from minimum wage regulations to employers who engage handicapped juveniles.
- iv. The grant of any form of disability pension made subject to the beneficiary showing proof that he/she is actively seeking work; to continue on his obtaining work; to include automatic exemption from minimum wage regulations.
- v. A selective placement service staffed by specially trained personnel with the functions described in section 5 of this chapter.
- vi. Vocational training centres for handicapped adults with provision for the grant of certificates of competence equivalent in legal status to those given to journey-men on completion of their apprenticeship.
- vii. A Statute requiring all Government Departments, Provincial Administrations and local authorities to give preference, other things being equal, to handicapped over non-handicapped applicants for employment.
- viii. A publicity campaign to reduce prejudice among employers against engaging handicapped workers.

These services would constitute a reasonably complete socio-economic rehabilitation programme (2) for placing the maximum number of handicapped workers in ordinary employment, without using compulsion.

The expense of the programme (from the point of view of the Treasury) would depend, first, on its racial coverage. It is not

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(1) Some of them are, of course, available.

(2) Medical and educational services have been omitted, since there is least contention about what is desirable in these fields.

customary in South Africa for Natives to be included in such schemes except on a very limited basis. (1) Even if all races were included, the cost to the Treasury would probably not be excessive. The existing Technical Colleges could provide special facilities for the handicapped. Vocational guidance services for juveniles already exist. No additional expenditure is necessary to transform disability pensions into wage subsidies. The various "exemptions" would cost nothing. The publicity campaign need not be expensive - a series of addresses by qualified members of the selective placement service to Rotary Clubs, the Chambers of Commerce and Industry and similar associations would serve a good purpose at no cost.

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- (1) This is shown in the following extract from the Report of the Social Security Committee (1944) : -

"The future position of the native section under a social security scheme needs special consideration. Natives in the Reserves have shelter and can eke out an existence so that they do not need the elaborate cash benefits indispensable for a civilised community. But nominal cash payments, supplemented by rations, in old age and invalidity are essential. It is true that Native custom provides for the maintenance of those who are old, ill or orphans; but overcrowding of the Reserves, primitive farming methods and low unskilled wages make this increasingly difficult. As regards farm natives, the labour tenant system, which gave some security of tenure, is breaking down; more and more Native farm-workers are becoming dependent on their earnings, so that if they are ill, invalids or past working age they have neither shelter nor means of sustenance - though most farmers take compassion on old faithful servants. Native farm-workers are thus fit subjects for a social security scheme. The Committee, however, considers that the bulk of them have not reached the proper stage of development for such action to be taken and it can only advise that they be treated on the same basis as Reserve Natives. But an exception must be made for those Native farm-workers who are sufficiently developed and have the means to contribute. Their summary exclusion from social security would further strengthen the tendency for the best farm-workers to move to the towns. The Committee is thus of opinion that Native farm-workers should be afforded the option of contributing to any scheme decided upon in order to accommodate those who are more highly developed - the others could not afford the contribution. This facility is also warranted for Natives employed in the reserves on contract of service - such as clerks, teachers and ministers.

Town Natives consist partly of temporary workers from farms and Reserves and partly of permanent urban residents who are fully dependant on earnings. The difficulty of distinguishing the latter has in the past led to their exclusion from pension and other schemes although the relevant reports all confirm that they should be included. The Committee considers that the distinction must now be drawn and it recommends that permanently urbanised Natives (as defined in para. 286) should be given the same option to contribute as Native employee class in Reserves. Any Native who falls in these groups but has or obtains a free allotment in a Native area must, however, be excluded unless he first surrenders it in order that landless Reserve Natives may benefit". (U.G. 14/1944, page 6, Sec. 19.)



The main new expense would be that of selective placement. The success of the programme would depend on the quality and the quantity of the officers appointed to this service. Excellent results could be achieved by, say, one hundred men and women at an average salary of about £700 and expenses of about £300 per annum each. This would make the total annual cost £100,000 which is very little in comparison with what is at present being spent (by the Government and by charities) on supporting the unemployed handicapped. (1)

It seems reasonable to suggest that the present sheltered employees in the urban sheltered employment scheme would be the first adult candidates for the assistance of the suggested programme. If this is true, there is no reason why the factories should not provide a combination of adult vocational training and sheltered employment. (2) After a survey of the requirements by the selective placement service it would no doubt become apparent that additional staff and equipment were required to provide training facilities in activities not at present conducted in sheltered employment. Training would be given "on the job" so that, despite the change in objective, there would be no need for major changes in the methods of operating the factories. It follows that there is no reason to expect the present heavy expenditure to increase considerably, but there would be little prospect of making the scheme self-supporting. (3)

## 7 A NEW TYPE OF SHELTERED EMPLOYMENT.

It is not fanciful to suggest that the programme we have outlined would transform the nature of the country's rehabilitation problem. After a short time, it would become the rule for all but the most seriously

- (1) Report No. 13. of the Social & Economic Planning Council shows that during the period 1947-48, the **approximate** annual expenditure on old age pensions was £5,746,000 on War Veterans pensions £877,000, on Blind Pensions £308,000 and on Disability Grants £778,000. The total annual Government expenditure on "Social insurance and social assistance ... measures" (excluding sheltered employment and unemployment insurance) was about £14,689,000. (U.G. 53/1948, page 105).
- (2) There is a precedent for this in recent developments in the U.S.A.
- (3) One important saving would result from making the scheme an agency in appropriate cases for compensating those with claims on the Workmen's Compensation Assurance Commissioner. In place of awarding a pension (or a proportion thereof) the Commissioner could be given the right to direct that a disabled workman be admitted to the scheme at the expense of his fund.

disabled to be absorbed into reasonably regular ordinary employment. The residue would include those whom Professor Hutt has called "valueless resources in labour" and an intermediate group consisting of people able to do some useful work, but only under such special conditions that the cost of employing them in ordinary industry would exceed their product, even though their total wages were paid by the State (as a subsidy). Included in their number would be the home-bound, some of the chair-bound, those who suffer from non-certifiable but severe epilepsy, and convalescents recovering from tuberculosis. (1)

The home-bound form a special class, on the very fringe of the "valueless resources". We shall return to them later. The remainder of this intermediate group could conceivably work in specially designed and organised factories under adequate medical supervision. It is usually agreed that this would be psychologically preferable to paying them pensions at subsistence rates, even though the work were nothing better than boondoggling. It is worth considering whether there could be any economic justification for establishing a special sheltered employment scheme for their benefit, i.e. whether there could be any prospect of the net product of the scheme equalling or exceeding the net product which society would be foregoing in order to maintain the scheme. (2)

Prima facie, it might seem that this possibility is excluded by definition, since we have postulated that it would not pay an ordinary entrepreneur to employ these people even at no wage cost, and we have seen no evidence in the description of sheltered employment in South Africa that the management of the scheme is more efficient than that of private enterprises. Against this, however, it must be recognised that the indirect costs of employing this group would diminish sharply with an increase in the number employed in one institution. To re-arrange the approaches to a work-place to enable one chair-bound man to be employed

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- (1) T.B. convalescents are at present cared for in special settlements established by the Friends of the Sick Association (F.O.S.A.) at Cape Town & Durban. For them the proposed new sheltered employment scheme should take the form of enlargement of the F.O.S.A. workshops.
  - (2) Compare Chapter 13, Sec. 5 above.

there might well entail prohibitive cost, but a second could probably be put at the bench next to him without additional expense.

There is, therefore, reason to expect that the total indirect cost of employing this group would be far less if they were concentrated in sheltered employment than if they were spread among private entrepreneurs. (1) The direct cost would be nil, if the proposal outlined below were adopted, until the individual's productivity had risen to a point which justified increasing his wages. This would be achieved by fixing his **starting wage** at the amount which would have to be paid to him by way of a pension if he were unemployed. The scheme would be self-supporting as soon as the gross product reached the level of the total costs excluding wages at starting rates. Because of the economies in individual costs of employment, this level need not be unduly high. Very careful choice of the activity (or activities) conducted in the sheltered employment factories, by ensuring that it was as suitable as possible to the remaining powers of the employees, would enable them to achieve the maximum direct productivity of which they were capable.

The example of Haven Products gives empirical support for the suggestion that there is a reasonable prospect of the scheme being self-supporting in accounting terms. It does not follow that if it achieved this degree of success, it would necessarily meet the economic criterion we have proposed. The product of manufacturing is the result of the cooperation of scarce resources; capital and labour. The scheme we are discussing would use mainly labour which would otherwise be idle, but it would also use - in certain key positions - other labour which would be employed elsewhere if the scheme were not operating. Our criterion will be satisfied if the product of the special sheltered employment scheme is at least equal to the product that would result from the employment of its "other" labour, and of the capital invested in it, by entrepreneurs taking the best opportunities for their use. The less the value of the

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(1) It is out of the question to suppose that a private entrepreneur would employ, say, twenty of this group even though this would reduce to a reasonable level the cost, per man, of the special arrangements.

capital and the "other" labour used in the sheltered employment scheme, the greater its prospect of being justified in economic terms. (1)

The activity chosen for the scheme, as we saw above, must be "as suitable as possible" to the nature of the disablements of the employees. We are now suggesting that it must employ as little "other" labour and capital as possible. Fortunately these desiderata do not necessarily conflict. The lightest occupations are the most suitable for the severely disabled. Heavy machinery must be avoided - even where its operation is a light task - both because it is (usually) relatively dangerous, and because its repair and maintenance may occasionally require strenuous muscular exertion.

These considerations lead us to the conclusion that the most suitable activity will be one of those time-consuming assembly operations for which practical mechanical substitutes for hands have not yet been devised. Many such operations require very little muscular exertion. They contribute some part to many mass produced articles. Apart from the labour of the assemblers, all they consume is a little space, very little supervision and the material assembled. They are the sort of operations on which children might be employed ("exploited") if the modern social conscience permitted. It seems possible that there is an element of waste in the employment of able-bodied adult workers on them. If these people can be transferred to other work when the sheltered employment scheme contracts with the entrepreneur to perform the operation on which he has hitherto employed them, then we must modify our criterion by crediting the scheme with the additional product resulting from their absorption in other employment. In this case the scheme will certainly be justified in economic terms.

The argument of the preceding paragraph is dependent on the supposition that the displaced able-bodied workers are transferred to other occupations. If they become unemployed the position is entirely different. By the exercise of considerable ingenuity the sheltered employment scheme will have resulted only in substituting one sort of waste for another. Under

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(1) The author apologises for going to such pains to establish a truism. He has done so because this type of analysis may be unfamiliar to some readers.

present conditions in South Africa, however, this is extremely unlikely. Those affected would be mainly young women (European and Coloured) for whose labour the demand is probably highly elastic.

The low direct productivity of the very disabled people we have been discussing in this section differentiates them sharply from those who are at present in the "Urban Sheltered Employment Scheme". We have seen that the latter could be expected to perform a wide range of the ordinary tasks of industry as efficiently as able-bodied workers. For this reason, we did not hesitate to recommend increased capital investment in that scheme to make it self-supporting. Given the decision to maintain a sheltered employment scheme for workers of high potential direct productivity the problem was simply to give them the means to achieve their maximum productivity. There was a prospect that additional capital investment would enable the product of the scheme to be increased to the point where it would cover the total (accounting) costs. We did not face the danger that scarce resources (in the shape of highly specialised machinery) would be wasted to any serious degree <sup>by being</sup> employed in coöperation with those whose disabilities prevented their making good use of them.

The suggested scheme for the severely disabled is a different proposition. Here the best prospect is that it may earn sufficient revenue to cover only the amount by which the total (accounting) costs exceed the minimum subsistence wages of the employees. The severity of their disabilities will prevent their making good use of machines. There is danger of incurring a particular form of waste which can be illustrated by the following example. In an ordinary garment factory, a sewing machine is operated at its full speed for about eight hours each day by a single operator. This would be beyond the powers of the severely disabled. Unless arrangements could be made for two or more of them to operate it in turns, some part of its capacity would be wasted. This applies to all the land, buildings and equipment and able-bodied labour used by the suggested scheme.

The most likely ~~source~~ of this waste (from the economist's point of view) would be in the extension of the scheme to the home-bound. If this group is scattered over a wide area, the cost of supervision, distribution and collection of work is very high. Unless these services are provided by volunteers (e.g. Philanthropic well-to-do women who would otherwise be idle during the time devoted to this work), there is every likelihood that the product of the scheme will be less than what is being lost to the community

through the diversion of the able-bodied helpers from other occupations.

There is less reason to be pessimistic about the economic consequences of the schemes discussed in this section if we take account of the effect on future generations. The effect on children of seeing their parents live in idleness on a pension supplemented by charity must be to make them work-shy. To the direct product of a sheltered employment and home-work service for the severely disabled, we are entitled to add the difference between the productivity of children of industrious parents and those of loafers.

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CONCLUSION

It is now (May 1951) nearly eight years since the Union Government sponsored the conference, mentioned in the first chapter of this monograph, at which it was proposed that the Urban Sheltered Employment scheme be established "as one means of dealing with the problem" of finding employment for disabled soldiers. (1) We have seen that instead of being only one means the scheme became almost the only means, despite the late Mr. J.H. Hofmeyr's efforts (as a Minister of the Crown) to ensure that it would be used as a last resort after exhausting every possibility of placing the disabled soldier in ordinary employment. (2)

It may seem that this was inevitable because "industries employing large amounts of automatic plant and many routine processes", which can readily make special arrangements for the employment of the severely disabled, have not been established in South Africa "on a sufficiently large scale". (3) The "Survey of the Employability of Physical and Mental Deviates" (4) shows, however, that there is no doubt that adequate ordinary employment opportunities are available in existing South African industries to absorb certain classes, at any rate, of the severely disabled. Furthermore, we have seen that the regulations for the Urban Sheltered Employment scheme have been so framed as to tend to exclude from its benefits the severely disabled. Those for whom it caters include a large proportion of the lightly disabled for whose employment in ordinary industry special arrangements of automatic plant, etc., are unnecessary.

This is a matter for regret. Whatever may be the justification for sheltered employment for the gravely handicapped, we have been unable to find any reason to believe that there is any advantage either to the community as a whole or to the handicapped themselves in placing the less severely disabled in sheltered employment when there is any possibility of rehabilitating them in ordinary employment. Why, then, did South Africa establish its expensive urban sheltered employment scheme without having first exploited the alternative means of rehabilitating the war disabled?

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(1) See p. 1, above.

(2) See pp. 46 to 47 above.

(3) A.J. Limebeer, quoted on p. 46 above (4) U.G. 63/1945 - Annexure A - p. 141 et seq. above.

The answer, it seems, lies partly in the extent of the prejudice against employing the disabled in normal occupations. This can be overcome only by consistent, enlightening publicity for the proved ability of the disabled to hold such employment with profit both to their employers and to themselves. The employment must be suitable, in the sense that the job must make no demands on the faculties or muscles which are defective in the particular disabled person. For this reason both the employer and the disabled person need the assistance of a technically skilled "scientific placement" service backed by a fully developed vocational training scheme designed to bring to the peak of efficiency the remaining powers of the handicapped. Both the publicity and the scientific placement are appropriate fields for Government action. They would have the consequence of leaving the ultimate solution of the problem to private enterprise, instead of treating it as entirely a State responsibility.

To this prejudice against employing the disabled must be added the fact that the problem of finding employment for disabled soldiers had to be solved at the same time as the larger problems set by general demobilisation. The country's limited vocational training and labour placement services were severely taxed by the demands of the able-bodied "veteran" whose pre-enlistment occupation (frequently that of school-boy) had disappeared. That the matter was considered in these terms is not certain; if it were, it must have seemed far easier in the circumstances of the time to adopt what seemed to be the cheap (1) and immediate solution of sheltered employment rather than the relatively roundabout technique of a complete rehabilitation programme.

Although these may be the reasons why the authorities chose to launch the Urban Sheltered Employment scheme, their long-term policy cannot be regarded as justified. In 1945 the Director-General of Demobilisation announced that "many disabled volunteers who could be so placed (i.e. in ordinary employment), must be dealt with by means of the sheltered employment schemes" because the technique of scientific placement of the handicapped had, "as yet, not been highly developed in South Africa". (2) It was, admittedly, urgent to get these men into regular work. If the development of the placement technique was likely to take much longer than the establishment of Sheltered Employment centres, the latter should at least have been regarded as a

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(1) Compare the optimistic estimate of the expense of the scheme mentioned on p. 44 above, with the figures quoted on p. 52

(2) See p. 47 above.



temporary expedient for this group of men. Instead, the official policy has always been "once a sheltered employee, always a sheltered employee"; and we seem to be no nearer developing a vocational training and scientific placement service for the handicapped than we were six years ago.

It cannot be over-emphasised that our impoverished country with its chronic shortage of efficient labour urgently needs to make strenuous efforts to improve the productive capacity of every section of its people. What can be done in this direction by vocational training and selective placement of the handicapped is little in comparison with what might be achieved in other ways, but there is no reason why this little should not be attempted. In Chapter 13, above, it was suggested (1) that the existing Urban Sheltered Employment factories could be used to provide vocational training for re-employment in ordinary industry. The author considers that this policy should have been adopted from the start. Those who were capable of being placed in ordinary employment when the selective placement service had been developed should have been regarded as undergoing vocational training in the scheme. Only those beyond the help of the latter service need have been regarded as permanent sheltered employees.

It is sometimes alleged that the tempo of sheltered employment is so much more leisurely than that of ordinary employment that a few months of the former make a man psychologically unsuited for the latter. Against this, an official of the United States Department of Labour wrote to the author recently that

"Sheltered employment (in the U.S.A.) is primarily intended to be a device for fitting or training the disabled person for work in the competitive situation .... That objective may not always work out in practice, but it is increasingly becoming the accepted point of view and policy of sheltered workshop administrators". (2)

Furthermore, the author does know of a few cases where - despite the fact that the regulations operate to hinder, not to assist them - men who have been some time in sheltered employment in South Africa have found and held ordinary jobs on the strength of the training they have received in the former.

Far from it being too late to change the policy under which the Urban Sheltered Employment scheme operates, it becomes daily more urgent. But it would be useless to make the change before at least the nucleus of

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(1) P. 160 above.

(2) K. Vernon Banta, Assistant Executive Secretary to the Presidents Committee on National Employ the Physically Handicapped week, of the U.S. Department of Labour, in a letter to the author dated 24th August 1950.

a Selective Placement service has been established. (1) It will be argued that the country cannot afford the necessary increase in the Civil Service establishment. This is true, and it is beyond the scope of this monograph to argue that the solution is to shed many of the control boards and other excrescences which tend to make the machinery of our Government unwieldy. We must therefore look for the necessary personnel within the establishment for the Sheltered Employment scheme itself. It is possible to find them there, provided that the authorities accord to this objective the highest degree of priority. They should, for example, reduce to the minimum the routine reports and returns which the factories are required to submit to the National Board. (2) This would enable the existing administrative staff to undertake, at any rate, a limited amount of placement work. The proposed changes in the composition of the Management Committees (Chapter 12, Sec.3) would assist them by facilitating both liaison with ordinary employers and the recruiting of voluntary helpers.

It may well be that Trade Union resistance will be encountered. On this subject little that is useful can be said. The author hopes that if the matter is put to them properly, trade union leaders may indeed be sympathetic. In any case, the trade union movement in South Africa is so weakened by splits and so preoccupied with racial issues that its resistance to the "dilution" of skilled trades by the vocationally re-trained handicapped is unlikely to be politically important.

It is not to be expected that all the men at present working in the urban sheltered employment factories would graduate to ordinary employment within a reasonable time if the proposed change of policy were made. Of those who remained, some would provide a permanent trained nucleus which would help the instructional staff to train newcomers. Others - those who

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(1) Already we have in the industrial schools the situation that boys are being trained for skilled jobs without anyone knowing whether they will be able to find a market for their skill (under existing wage legislation) when they leave school.

(2) Inter alia, the factories should be relieved of the obligation to operate a costing system based on the false hypothesis that selling prices can be fixed only by reference to historical total costs.

What can be done in this way to relieve the paid administrative staff of non-essential routine duties, can be supplemented in many factories by making greater use than at present of sheltered employees in administrative work.

have the greatest difficulty in maintaining the existing tempo of work - might be transferred eventually to new factories specialising in finding suitable employment opportunities for the very severely disabled. Here they should be joined by those who have hitherto been rejected (whether as "unproductive" or as "unfit"(1)) from the present scheme. The difference in policy between the two types of factories would be only a matter of emphasis - from the one a higher proportion of graduates to ordinary employment would be expected than from the other.

How many graduate will depend mainly on the ability of those in control of the scheme to impress on those operating it and, above all, on the ordinary employers of labour the facts that

- (a) There is not one job in a thousand which does not leave idle at least one (usually several) of the limbs, or muscles, or senses, or mental faculties of the operator.
- (b) A man who lacks the particular limb, etc., which is not used in performing the job is not disabled for that job.

When publicity on these lines, selective placement and the emphasis on vocational re-training start a steady flow of the present urban sheltered employees to rehabilitation in ordinary work, the Minister of Social Welfare will no doubt be happy to declare there is no longer any need to regard as experimental the admission to the scheme of non-veterans. The Urban Sheltered Employment scheme itself will have graduated from the status of a costly and inefficient means of meeting the country's obligations to the disabled soldier, to that of an important, permanent asset in our national economy, and the means by which the handicapped are enabled to serve the community fruitfully.

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(1) See Chapter 6, Secs. 2 & 4, above.

APPENDIX B.

(To Chapter 7.)

THE WAGES OF SOUTH AFRICAN SHELTERED EMPLOYEES AND SOME COMPARISONS.

## 1. WAGE SCALES.

The following tables (F to K) summarise the wage scheme (a) as it existed at the time of the Williamson inquiry, and (b) as amended on the Williamson Committee's recommendations. In the final column are shown the total amounts payable at the time of writing. <sup>(1)</sup> The differences between this and the penultimate column are due to increases in the scale of cost of living allowances.

Under both schemes increments depend on diligence and increased skill, but the minimum interval between increments has been changed in most parts of the scale. The tables have been constructed to show the minimum period required (by a diligent, apt worker) to reach each notch of the scales. This period is indicated in the first column.

F. Native Sheltered Employees.

Experience	<u>Pre-Williamson Scale</u>				<u>Post Williamson Scale</u>			Total Wage & All'ces at time of Writing.
	Basic Wage	Cola	Race All'ce	Total	Basic Wage	Cola	Total	
Beginner	1.10.0	10.6	Nil	2. 0.6	1. 5.0	10.0	1.15.0	1.15.6
3 Months	1.15.0	12.6	Nil	2. 7.6	1.10.0	10.6	2. 0.6	2. 1.0
6 Months	2. 0.0	13.6	Nil	2.13.6	No increase			
9 Months	2. 5.0	14.9	Nil	2.19.9	1.15.0	12.6	2. 7.6	2. 8.3
12 Months	2.10.0	16.0	Nil	3. 6.0	No increase			
15 Months	No further progression				2.10.0	13.6	2.13.6	2.14.3
21 Months					2. 5.0	14.9	2.19.9	3. 0.9
27 Months					2.10.0	16.0	3. 6. 0	3. 7.0
					No further progression.			

(1) January, 1951.

(2) Gross earnings per week before deduction of contribution to medical expenses (7d per week, all races), assuming full attendance or sick pay.

G. Coloured & Indian Employees, Other than Skilled Artisans or Craftsmen

Experience	<u>Pre-Williamson Scale</u>				<u>Post Williamson Scale</u>			Total Wage & All'ces at time of Writing.
	Basic Wage	Cola	Race All'ce	Total	Basic Wage	Cola	Total	
Beginner	1.10.0	10.6	10.0	2.10.6	1.10.0	10.6	2. 0.6	2. 1.0
3 Months	1.15.0	12.6	10.0	2.17.6	1.16.0	13.6	2. 9.6	2.10.3
6 Months	2. 0.0	13.6	10.0	3. 3.6	No Increase			
9 Months	2. 5.0	14.9	10.0	3. 9.9	2. 2.0	14.9	2.16.9	2.17.9
12 Months	2.10.0	16.0	10.0	3.16.0	No Increase			
15 Months	No increase				2. 8.0	16.0	3. 4.0	3. 5.0
21 Months	No increase				2.14.0	17.6	3.11.6	3.12.9
27 Months	No increase				3. 0.0	18.3	3.18.3	4. 0.0
60 Months (X)	3. 0.0	18.3	10.0	4. 8.3	3. 6.0	19.9	4. 5.9	4. 8.9
66 Months	3.10.0	19.9	10.0	4.19.9	3.12.0	20.6	4.12.6	4.16.3
72 Months	4. 0.0	21.3	10.0	5.11.3	3.18.0	21.3	4.19.3	5. 3.9
	No further progression				No further progression			

(X) Subject to passing proficiency test (Both scales).

H. Coloureds & Indians who had the Status of "Skilled Artisans or Craftsmen" on Entering Sheltered Employment. (i.e., had completed a recognised apprenticeship for the occupation in which they are working in Sheltered Employment).

Experience	<u>Pre-Williamson Scale</u>				<u>Post Williamson Scale</u>			Total Wage & All'ces at time of Writing.
	Basic Wage	Cola	Race All'ce	Total	Basic	Cola	Total	
Starting Rate	2.10.0	16.0	10.0	3.16.0	3. 0.0	18.3	3.18.3	4. 0.0
6 Months (X)	3. 0.0	18.3	10.0	4. 8.3	3. 6.0	19.9	4. 5.9	4. 8.9
12 Months	3.10.0	19.9	10.0	4.19.9	3.12.0	20.6	4.12.6	4.16.3
18 Months	4. 0.0	21.3	10.0	5.11.3	3.18.0	21.3	4.19.3	5. 3.9
	No further progression				No further progression.			

(X) Subject to passing proficiency test (both scales).



K. European Men who had the Status of "Skilled Artisans or Craftsmen" on entering Sheltered Employment. (i.e., had completed a recognised apprenticeship for the occupation in which they are working in Sheltered Employment.)

Experience	<u>Pre-Williamson Scale</u>				<u>Post Williamson Scale</u>			Total Wage & All'ces at time of Writing
	Basic Wage	Cola	Race All'ce	Total	Basic Wage	Cola	Total	
Starting Rate	2.10.0	16.0	2.10.0	5.16.0	5. 0.0	22.0	6. 2.0	6. 8.0
6 Months (X)	3. 0.0	18.3	2.10.0	6. 8.3	5.10.0	22.0	6.12.0	6.19.0
12 Months	3.10.0	19.9	2.10.0	6.19.9	6. 0.0	22.0	7. 2.0	7.10.0
18 Months	4. 0.0	21.3	2.10.0	7.11.3	6.10.0	22.0	7.12.0	8. 1.0
	No further progression				No further progression.			

(X) Subject to passing proficiency test (both scales).

## 2. AGE AND NUMBER OF DEPENDANTS OF SHELTERED EMPLOYEES.

The following tables have been prepared from returns submitted by the Cape Peninsular sheltered employment factories to the National Board. The names of the factories were "Disabled Soldiers' Industries", Ex-Servicemen's Industries" and "Slic Products", but they were usually referred to as "D.S.I.", "E.S.I.", and "Slic", respectively. (1)

### L. AGES OF SHELTERED EMPLOYEES IN THE CAPE PENINSULA AT 30.9.50.

Age Group (Years)	<u>Europeans</u>			<u>Coloureds &amp; Indians</u>				<u>Total.</u>
	D.S.I.	E.S.I.	Total	D.S.I.	E.S.I.	Slic	Total	
25 & under	1	1	2	1	-	2	3	5
26 to 30	19	6	25	9	2	14	25	50
31 to 35	19	11	30	3	13	9	25	55
36 to 40	16	7	23	10	16	18	44	67
41 to 45	35	9	44	4	12	20	36	80
46 to 50	25	11	36	9	8	26	43	79
51 to 55	27	24	51	1	8	11	20	71
56 to 60	20	11	31	3	4	2	9	40
61 to 70	8	2	10	-	2	-	2	12
71 & over	-	1	1	-	-	-	-	1
	170	83	253	40	65	102	207	460

(1) The word "Slic" was made of the initials of the original name of this factory: "Springbok Legion Industrial Centre".

M. NUMBER OF DEPENDANTS OF SHELTERED EMPLOYEES IN THE CAPE PENINSULA

AT 30.9.50

<u>Dependants</u>	<u>Europeans</u>	<u>Coloureds &amp; Indians</u>	<u>Total</u>
0	51	9	60
1	53	26	79
2	36	30	66
3	41	25	66
4	24	26	50
5	20	37	57
6	8	21	29
7	10	14	24
8	3	9	12
9	2	4	6
10	2	2	4
11	1	3	4
Not stated	2	1	3
Total	<u>253</u>	<u>207</u>	<u>460</u>

3 THE POVERTY DATUM LINE.

The assertion was made in Sec. 5 of Chapter 7 (p 89 above) that the wages of sheltered employees are extremely low in comparison with their needs. An objective estimate of needs is available, for Cape Town workers, in the March 1950 report <sup>(1)</sup> on the Poverty Datum Line, by Professor Edward Batson, who describes it as follows:

"The Poverty Datum Line is an estimate of the income needed to attain a certain bare minimum level of health and decency. It allows only for the indispensable minimum quantities of food, clothing, fuel, lighting, cleaning, housing, and transport to and from work. It allows nothing for amusements, sport, hobbies, education, medicine, medical or dental care, holidays, newspapers, stationery, tobacco, sweets, gifts, or pocket money, or for comforts or luxuries of any kind, or for replacement of household equipment and furniture, or for hire purchase or insurance or saving.

It is clear that the Poverty Datum Line does not indicate a "human" standard of living. It merely fulfils its purpose of stating the barest minimum expenditure by which subsistence, health and decency can theoretically be achieved under Western conditions, taking only 'short-run' considerations into account."

The following are the minimum amounts which Professor Batson estimates should have been spent per week by a household living on the Poverty Datum Line

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(1) Social Survey of Cape Town: Report No. R.S. 207, 1950.



on food, clothing, cleaning, lighting and fuel at the prices ruling in March 1950:- (1)

Composition of Household	Total household allowance assuming the children are all:	
	(a) Under 5 years	(b) between 10 & 16 years..
Unmarried man (16-64) only	£1. 2.8	
" woman earner (16-29) only	£1. 1.6	
Married couple, no children	£1.18.5	
" " 1 child	£2. 6.9	£2.13.4
" " 2 children	£2.15.1	£3. 8.3
" " 3 "	£3. 3.5	£4. 3.2
" " 4 "	£3.11.9	£4.18.1
" " 5 "	£4. 0.1	£5.13.0

These figures do not include rent and the expense of travelling between home and work place. At the author's factory the welfare officer is required to calculate the "available income" of any applicant for assistance by subtracting from his wage what he actually spends on these items (as well as his contribution towards the cost of medicines dispensed at the factory) (2) and adding any other income which the family receives such as the amount of his pension and the earnings of his wife and older children, if any. The figure so calculated, which is called his available income, is compared with his household's poverty datum line assessment (as above) to determine his need for assistance.

The sheltered employees at this factory, as has already been mentioned, are all 'coloured men. Those who are fit enough, and who live within a reasonable distance of the factory, walk or cycle to and from work, almost all the others pay a minimum of 3/6 per week in travelling expenses. (3) Those whose rental is less than 10/- per week are fortunate: A large proportion receive no military pension. (4) It is not uncommon to find that the available income is less than two-thirds of the Poverty Datum Line assessment! (In 28 out of 41 consecutive investigations by the Welfare Officer it was found that the available income was less than the Poverty Datum Line for the family. In 15 of these cases the former was less than two-thirds, in 8 less than half of the latter.)

In Table P (pp. A 26, 27) will be found a comparison of the Poverty Datum Line assessment and the available income (other than earnings of wife and children) of all the employees of the factory.

(1) Extracted from Table 207.8, *ibid.*

(2) 7d per week, see page 62 above.

(3) See pp. 81 & 82 above for details of the transport allowance.

(4) On 1st January 1949 there were 1,801 sheltered employees in all the factories. Of this number 969 were Military Pensioners. (U.G. 63/1949, Appendix 3).

4 COMPARISON OF WAGES IN SHELTERED EMPLOYMENT WITH THOSE IN CERTAIN "OPEN" INDUSTRIES.

The most common "trades" in urban sheltered employment are furniture and clothing making. It is not here suggested that, if they had not been disabled, any considerable number of the men in those occupations would have been following the same trade in the "open labour market". Nevertheless, a comparison between "sheltered" and "open" wages in the same occupations is interesting.

A. Furniture Industry

Conditions of employment in the furniture industry are regulated by agreements made from time to time between employers' organisations and trade unions, under the Industrial Conciliation Act of 1937. The following information has been extracted from the agreement published by the Minister of Labour in Notice No. 2154 on 17th October 1947, which was still in force at the time of the Williamson inquiry into sheltered employment. There are differences in certain conditions according to whether or not the factory is situated in or near one of the big cities; in such cases the conditions applicable in or near the main cities are given, since the great majority of sheltered employment factories are, in such areas.

The normal working week is 44 hours. The factories operate for 50 weeks in the year. For the closed period employees receive a bonus of 6% of their year's earnings, which is equivalent to two weeks paid leave plus a bonus of one week's pay for the man who has worked a full year. The provision for paid public holidays is similar to that in sheltered employment. A small deduction from wages (3d or 8d per week according to rate of pay) is made to cover the trade union's share of the expenses of the industrial council, and the statutory deduction is made for the Unemployment Insurance Fund. There is no provision for paid sick leave.

Wages are fixed at (100 plus X)% of a basic rate for each occupation within the trade, where X is the percentage by which the official retail price index for the month exceeds the 1938 base. (At the time of writing X is 61%). There is no overt provision for race or colour discrimination in the wage scale. In the Cape Province a large proportion of the members of the trade union are Coloured men, and they receive the same minimum wage in the factories as Europeans employed on the same work (including the top paid work).

Columns 1 and 2 of the following schedule are summarised extracts from the basic wage scheme published in the agreement. Columns 3 and 4 show respectively the cost of living allowance at 61% (the present rate) and the total amount received for a full normal week's work. Column 5 shows what the worker would get for 40 working hours, to facilitate comparison

with Column 6 in which are entered the wages of sheltered employees in the author's factory engaged in comparable occupations. The one week's holiday bonus in "open" industry and the deductions in both are ignored, as is the value of free medical attention to sheltered employees; to include these items would make no significant difference in the comparison. The value of the sick leave provision and of security in sheltered employment is more important, but too variable for inclusion herein.

Type of operation & status of employee, where minimum wage varies with experience.	Basic Wage in "open" Industry	Cola @ 61% of Basic	Total for 44 hour week	Equivalent Wage for 40 hour Week	Comparable Coloured Sheltered Employee's Wage (1)
(a) Cabinet making, machining, polishing & painting by employ- ees with more than 4 years experience.	£7. 0.0	£4. 5.5	£11. 5.5	£10. 4.11	£4. 0. 0 to £5. 3. 9 £2.17. 9
(b) Boring holes	£4.12.6	£2.16.5	£7. 8.11	£6. 15. 5	to £3.12. 9
(c) Sandpapering by machine (other than drum)	£4.12.6	£2.16.5	£7. 8.11	£6.15. 5	£4. 0. 0
(d) Handfinishing operations, other than polishing & painting	£2.10.0	£1.10.6	£4. 0.6	£3.13. 2	£2. 1. 0 to £3. 5. 0
(e) Those learning operations included in (a) above:					
1st year	£1.10.0	12.2	£1.12.2(X)	£1. 9. 3	£2. 1. 0 to £2.17. 9 (Y) £2.17. 9
2nd year	£2. 0.0	£1. 4.5	£3. 4.5(X)	£2.18. 7	to £3.12. 9 (Y) £3.12. 9
3rd year	£3. 0.0	£1.16.7	£4.16.7(X)	£4. 7.10	to £4. 0. 0 (Y)
4th year	£4. 0.0	£2. 8.10	£6.8.10(X)	£5.17. 1	£4. 0. 0
(Thereafter the full rate for the operation)					
(f) Watchmen	£3. 4.6	£1.19.4	£5.3.10(Z)		£4. 0. 0 £2. 1. 0
(g) Packer	£3. 0.0	£1.16.7	£4.16.7	£4. 7.10	to £3.12. 9
(h) Labourer	£1.17.6	£1.2.10	£3. 0.4	£2.14.11	£2. 1. 0
(i) Spreading glue					to £2.17. 9
(X) Are allowed time off to attend technical college during week. (Y) Upper rates are maximum for exceptionally diligent, apt learners. (Z) Hours of work not regulated under agreement.					

(1) The equivalent wage for a European would probably be about 60% higher than that of a Coloured sheltered employee in the same occupation.

B. Clothing Industry.

The following information has been extracted from a "roneod" copy of the current agreement given to the author by the office of the Industrial Council for the Clothing Industry (Cape). The industry works a 5 day  $42\frac{1}{2}$  hour week. Provision for paid public holidays and annual leave is similar to that in sheltered employment, except that two days less paid annual leave is given. This is off-set, to a very small extent, by a provision that when a paid Public Holiday falls on a Saturday, the employees in "open" industry receive an extra day's pay. Wages are subject to two deductions: 1d per week for the expenses of the Industrial Council, and 3d to 7d ( $1/1$  for workers earning £6 per week or more) for a sick benefit fund.

The industry employs mainly female workers. There is provision for discrimination in pay according to sex, but not according to race. (In the Cape, it is traditional to employ Malay men in some of the more skilled, and better paid, operations). The following schedule shows some of the current rates of basic pay, cost of living allowances and total wages for a normal ( $42\frac{1}{2}$  hour) week:-

Operation	Basic	Cola	Total
(a) Head Cutter	£10.12. 0	£1.15. 2	£12. 7. 2
(b) Qualified Cutter	£7. 0. 6	£1.15. 2	£ 8.15. 8
(c) Learner Cutter, starts at & progresses by 9 six- monthly increments to	£1. 8. 0 £6. 3. 0	£ 12. 1 £1.14. 1	£ 2. 0. 1 £ 7.17. 1
(d) Interlining Cutter, trimmer, or under-presser (qualified)	£4. 7. 9	£1.10. 0	£ 5.17. 9
(e) Layer-up (qualified)	£2.16. 9	£1. 2. 0	£ 3.18. 9
(f) Factory operatives:-			
(1) Qualified, Grade 1, male	£5. 5. 6	£1.11.11	£ 6.17. 5
(2) Learner, Grade 1, male starts at & progresses by 9 six- monthly increments to	£1. 8. 0 £4. 7. 9	12. 1 £1.10. 0	£ 2. 0. 1 £ 5.17. 9
(3) Qualified, Grade 1, female	£3. 3. 9	£1. 3. 8	£ 4. 7. 5
(4) Learner, Grade 1, female starts at & progresses by 5 six- monthly increments to	£1. 8. 0 £2.16. 9	12. 1 £1. 2. 0	£ 2. 0. 1 £ 3.18. 9
(5) Qualified, Grade 2, female	£2.10. 0	18. 8	£ 3. 8. 8
(6) Unqualified " " " starts at & progresses by five six- monthly increments to	£1. 8. 0 £2. 6. 9	12. 1 18. 8	£ 2. 0. 1 £ 3. 5. 5
(7) Messenger &/or Errand Boy starts at & progresses by 3 six- monthly increments to	£1. 8. 0 £2. 4. 6	12. 1 17. 4	£2. 0. 1 £3. 1. 10
(8) Watchman	£2.16. 9	£1. 2. 0	£3.18. 9

(Learners are usually young people, 16 to 18 years of age at starting.)

In sheltered employment the manufacture of clothing is undertaken almost entirely by male workers. If they are European, their wages tend to be higher than those listed above for female operatives, but if coloured lower than Grade 1 qualified female operatives (a fortiori, than male operatives) but comparable with those of lower grade female operatives.

# 5 COMPARISON OF WAGES WITH OUTPUT IN SHELTERED EMPLOYMENT

The following schedule has been prepared from unpublished statistics compiled by the Secretariat to the National Board for Sheltered Employment. At 31st March 1950 there were 16 factories in operation under the Board's control. The schedule shows, for each of those factories, the average wage, the gross value of output and the gross profit per man per month, for the half-years ended 30th September 1949 and 31st March 1950. Gross value of output is actual sales plus value of final stock of manufactured and part-manufactured goods minus initial stocks of these items. Gross "profit" is gross value of output minus historical cost of material consumed in manufacture.

Fac- tory No.	Races Employed	No. Emp	Average for half-year ended 30.9.1949				Average for half-year ended 31.3.1950			
			Wages	Gross Output	Gross 'Profit'	No. Emp	Wages	Gross Output	Gross 'Profit'	
1	European	43	19.17.7	13.12.3	1.11.11	36	19.13.9	16.16.2	4. 5. 2	
2	"	36	23. 7.2	22. 7.4	8.15. 3	33	24. 2. 3	24.11.2	7. 8. 5	
3	"	221	21. 6.6	13. 8.1	4.13. 6	199	22. 1.2	20.18.8	7. 1. 6	
4	"	72	20. 7.11	13. 5.2	6.18.5	75	19. 0.4	11. 2.4	7. 0. 9	
5	"	14	20.14.8	6.18.6	4. 3.10	17	15.16.8	5. 4.7	2. 5.10	
6	"	33	21.15.9	17.19.2	6.17. 6	31	21.11.2	12.14.0	2.19. 8	
7	Mixed	296	18.12.9	14.14.8	7.17.10	243	19.18.9	14.13.5	6.12. 1	
8	"	182	16. 5.3	8. 3.3	2.18. 5	169	16.17.9	11.19.7	5. 9. 1	
9	"	71	20.13.5	19.14.6	11.10. 8	63	19.13.7	11.15.3	8.11.10	
10	"	203	18. 7.11	10. 4.6	3. 5. 4	198	18. 5.0	10.2.11	3. 6. 4	
11	"	33	14. 3.4	19. 8.7	7. 7. 7	34	13.15.1	22. 4.2	11. 5.10	
12	"	132	17.19.0	33. 8.6	15. 2. 0	131	17. 7.3	31.18.3	15.13. 1	
13	"		Not available			119	19.14.1	16.16.3	8. 5. 9	
14	Coloured	138	13. 4.2	22. 9.5	9.16.11	129	13.18.4	13.12.7	6.17. 7	
15	"	22	11.18.4	15.17.7	8.18. 3	23	11.10.5	15. 4.0	8. 9. 0	
16	"	162	14. 7.0	5. 1.10	16. 2	157	13.18.10	6. 8.5	1.19. 2	

In all the factories employing Europeans only, in the first period wages exceeded gross output. In the second period, this remained true except in one case where output rose slightly above wages. In other factories (except one) lower wages rather than higher sales improved the picture. In no factory whatever did gross profit exceed wages; in only one did these figures even approach each other.